
DRAFT UNDERGROUNDING POLICY

1. Purpose of Report

To recommend that the Strategy and Policy Committee agree to the draft Undergrounding Policy, attached as appendix 4, for public consultation.

2. Executive Summary

Wellington City has an extensive network of overhead electricity and telecommunications cabling owned by utility companies. Overhead cabling is cost efficient when compared to underground cabling but it creates negative visual impacts as well as increased safety risks.

A cost/benefit analysis of putting existing cables underground (undergrounding) is difficult to conduct because while the costs of undergrounding are reasonably easy to ascertain¹, the primary benefits, such as improvements to the urban environment and public safety, are difficult to quantify.

Council's District Plan requires all new subdivisions to underground cable services and also requires resource consent for any new overhead line networks in existing areas to be granted only in exceptional logistical circumstances. Council has no formal position on retrospective undergrounding of overhead cables and, in February 2004, the Built and Natural Environment Committee agreed to develop a policy on retrospective undergrounding.

Officers have explored the following broad policy options:

- 1. Status Quo** – Overhead cabling would be accepted as a long-term reality with no further Council initiatives to accelerate undergrounding.
- 2. Increased Council Facilitation** – Council staff would become involved in the facilitation of resident-initiated undergrounding projects. A contestable fund of \$200,000 per annum (OPEX) would be piloted from 2006/07 for three years to “top up” projects initiated and largely funded by residents. Projects will be prioritised by the degree of benefit to the wider public using criteria developed by officers. Council would also consider including undergrounding as a component of its major infrastructure projects where relevant and efficient. It is recommended that \$50,000 (OPEX) is allocated for additional staff resources.

¹ The cost of retrospective undergrounding is high: \$600,000 to \$1,000,000/km of road. Constructing an overhead network from scratch is approximately 25% of the cost of undergrounding the same network, which is why utility companies choose the former method.

- 3. Major Undergrounding Programme** – Under this option Council would consider undergrounding as a key priority for improving the urban environment and quality of life in Wellington. Council would need to contribute significant resources totalling between \$250 million and \$350 million (\$5m - \$7m per annum) at today's costs, if a full citywide programme were pursued over a period of approximately 50 years.

Officers recommend option 2, increased council facilitation, as the most appropriate means to initiate improvements at a reasonable cost to Council. The total additional costs of the recommended option are \$250,000 per annum for three years. Option 3 is not recommended because retrospective undergrounding is extremely expensive and not viewed as a priority for residents and Council. It is recommended that the draft policy go for public consultation, with officers reporting back to the Committee by August 2005.

3. Recommendations

It is recommended that the Committee:

- 1. Receive the information.*
- 2. Agree that the Draft Undergrounding Policy, attached as appendix 4, goes out for consultation and that officers report back the results in August 2005.*

4. Background

Wellington City has an extensive network of overhead electricity and telecommunications cabling owned by private utility companies ('utilities'). Utilities prefer to use overhead cables because they are cost-effective. However, overhead cabling has some negative visual impact on the urban environment.

Council has required new subdivisions to have underground services since 1968. During the 1990's, Council's District Plan regulations allowed Saturn (now TestraClear) to install an additional cable to existing overhead networks. This intensification prompted significant negative public reaction.

As a result of the increased interest in the undergrounding issue, Council commissioned reports from KPMG in 1999 and 2000. The reports found that a citywide undergrounding programme could cost between \$150 million and \$320 million depending on the level of cooperation between Council, utility companies and ratepayers.² Although benefits were identified from undergrounding, it was recommended that overhead networks should be accepted as a medium to long-term reality because of the extremely high cost of undergrounding.

In 2002, changes to the District Plan increased Council's influence on the existing overhead network by requiring utilities to apply for resource consent to install new

² The cost of undergrounding is significantly reduced if all parties agree to jointly underground and if undergrounding is targeted in areas where multiple asset renewals are necessary e.g. overhead lines, kerb/channel, street lighting. These estimates are in 1999 dollars.

overhead line networks, effectively stopping the intensification of overhead networks.³ Council, in consultation with utilities, also developed the *Code of Practice for Working on the Road*, which includes regulatory standards for the location and dimensions of underground cables and above ground utility cabinets.

Resident groups from time to time request Council to assist with self-funded 'resident initiated projects'. Residents also occasionally request Council to fund undergrounding projects when Council is planning a major infrastructure project such as footpath renewal or drainage upgrade. Council's responses to date have been ad hoc⁴, and the Built and Natural Environment Committee agreed in February 2004 to formulate a policy on the retrospective undergrounding of overhead cables.

5. Discussion

5.1 Current Extent of Overhead and Underground Cables in Wellington

With the exception of the trolley bus network, Council does not own any of the overhead utility networks.⁵ The current utilities involved in providing overhead services in the city are Telecom, United Networks, TelstraClear, CityLink and Wellington Cable Car Ltd.

The extent of overhead cable networks varies across the city according to the type of utility involved. Of the 568km of road length in Wellington's urban areas, approximately 378km (66%) of road have overhead networks (not including the trolley bus network).⁶ Additional information on the cable types of each utility and the estimated length of overhead network by utility is outlined in appendix 1.

5.2 Costs and Benefits of Undergrounding

Placing existing overhead cables underground may have a number of key benefits although some are very difficult to quantify. The benefits include:

- cables are removed from sight improving the appearance of the urban environment
- property owners may benefit through increased property values
- reduced exposure to the elements can reduce maintenance, repair and outage costs for network owners
- public safety should improve from reduced traffic hazards, electrocution risks and hazards resulting from major earthquakes⁷ and storms
- decreased pruning costs of street trees.

While retrospective undergrounding has benefits there are significant drawbacks including:

³ The plan change is currently being appealed by Transpower.

⁴ Recent project proposals include McFarlane Street, Oriental Parade, Hawker Street and Overtoun Terrace.

⁵ Council used to own the electricity distribution network through a Council subsidiary organisation, Capital Power, but Council agreed to sell the network to TransAlta in 1994-1996.

⁶ Vector Ltd.

⁷ Napier initiated an undergrounding programme to decrease safety hazards from earthquakes following the 1934 Napier earthquake.

- retrospective undergrounding is extremely costly because of the engineering requirements and the high cost of materials. A citywide undergrounding programme could cost around \$250-350million.⁸
- the high costs associated with undergrounding would be passed on to rate-payers and consumers, depending on which party meets the up-front costs
- the streets with trolley bus network would receive fewer visual benefits from undergrounding because the trolley bus networks would remain in place
- when underground cables do need maintenance or repairs, it is much more costly and time consuming than repairing overhead cables.

The costs of retrospective undergrounding in Wellington could range between \$600,000/km-\$1,000,000/km or \$4,000 to \$10,000 per household depending on the area.⁹ Factors that effect undergrounding costs include property density, soil or rock type, trenching through concrete or grass, the positioning of existing underground infrastructure (e.g. gas lines) and the positioning of tree roots. Constructing an overhead network from scratch is approximately 25% of the cost of undergrounding the same network, which is why utility companies choose the former method.¹⁰

The costs outlined above were verified through independent case studies that provided estimates for potential undergrounding projects for Wellington streets (see appendix 2). The cost estimates were obtained using a model developed by Vector Ltd for its undergrounding programme in Auckland.

5.3 Residents' Satisfaction Survey

Results from the May 2004 Residents' Satisfaction Survey showed that 33% of residents surveyed are "very or quite concerned about overhead cables on their street". Conversely, 55% of those surveyed were "not very concerned or not concerned at all" about overhead cables on their street. In addition, 15% of residents said it was necessary for Council to fund undergrounding projects compared to 46% that said it was unnecessary. The survey results show that the impact of overhead cables is generally not a high priority for most Wellington residents.

5.4 Undergrounding Programmes in New Zealand

Most major cities in New Zealand have some form of an undergrounding programme. Cities with significant programmes tend to have electricity distribution companies that are owned by a Council¹¹ (e.g. Christchurch, Invercargill) or a Council influenced consumers' trust (e.g. Auckland and Hamilton). The following table outlines some of the details of the undergrounding programmes operating in other New Zealand cities.

⁸ Estimates based on KPMG report and calculations using figures for road length with overhead networks and estimated cost of undergrounding per km.

⁹ Figures obtained using Vector Ltd undergrounding cost modelling with Vector Ltd and figures discussed with engineering contractors. Figures include all planning, labour, material and compliance costs associated with the project

¹⁰ "Undergrounding Electricity Cables" Ministry of Energy and Utilities, New South Wales. Jan. 2002. p. 21

¹¹ Council used to own the electricity distribution network through Capitol Power and Council agreed to sell the network to Transalta in 1994-95.

Council Funding for Undergrounding Programmes in New Zealand

City	Publicly Owned Utility or Community Trust	\$ Annually From Utility (\$000)	\$ Annually From Council (\$000)
Auckland	yes	10,000	2,000
North Shore ¹²	no	---	0-100
Christchurch	yes	275	1,100
Invercargill	yes	1,000	---
Palmerston North ¹³	no	1,300	275
Hamilton	yes	660	330
Dunedin	yes	1,200	---

6. Draft Undergrounding Policy

6.1 Policy Objectives

The key objectives of the policy are:

- clarifying Council's funding priorities with respect to undergrounding
- clarifying Council's role for involvement in undergrounding projects primarily funded by residents
- outlining the feasibility of combining undergrounding projects with planned Council infrastructure projects such as footpath renewals.

6.2 Policy Principles

The draft Policy is underpinned by the following principles:

- undergrounding to improve the urban environment should be conducted in an equitable and efficient way
- Council funding for undergrounding should target projects that would result in the highest benefit to the Wellington community
- Council's decisions on whether to initiate an undergrounding project will, as far as possible, consider all qualitative and quantitative benefits and costs
- the impact of undergrounding projects on existing or future infrastructure should be minimised.

6.3 Policy Options

Three options have been assessed in preparation for the draft Undergrounding Policy:

- Status Quo
- Increased Council Facilitation

¹² United Networks initiated an undergrounding programme in North Shore from 1994-2004 following a condition of sale agreement between United and the city. This programme has finished and North Shore City Council chose not to dedicate a set funding amount to undergrounding because of the high costs.

¹³ Palmerston North City Council sold its electricity distribution network to PowerCo in 2000 under the condition that PowerCo would undertake a citywide undergrounding programme.

- Major Undergrounding Programme.

Each option contains potential implementation initiatives, which are on a continuum and not necessarily mutually exclusive.

6.3.1 Option 1: Status Quo

Under this option, overhead cabling would be accepted as a long-term reality. The current District Plan provisions would continue to be used as the key mechanism to address all future issues of overhead and underground cabling. Retrospective undergrounding would mainly occur when individual residents or utilities elect to fund it.

Council would also continue to encourage utilities to underground their networks and assist with resident-initiated undergrounding projects when possible. The main benefit to Council and residents from this option is that no change is required to either officer practice or costs to Council.

This option is not recommended because it does not investigate the opportunities to support resident-initiated undergrounding.

6.3.2 Option 2: Increased Council Facilitation

Under this option, Council would recognise a degree of public benefit of undergrounding, particularly in high usage areas such as main roads and town centres, with increased facilitation and some limited financial resources to leverage resident contributions. The following four initiatives are recommended to implement the approach. It is recommended that an additional \$50,000 (OPEX) is allocated to operation units to cover the costs of staff resources.

Pilot Contestable Undergrounding Fund

Council would establish a pilot Contestable Undergrounding Fund to subsidise resident-initiated projects that are prioritised by the degree of benefit to the wider public. A \$200,000 per annum fund (OPEX) would initially operate as a three-year pilot starting in 2006/07 (subject to approval in the 2006/07 LTCCP). Council would undertake a review of the fund in time to inform the 2009/10 LTCCP.

Council would invite residents to submit proposals for undergrounding projects each year. The proposals would need to provide a project description, a list of residents in support and the level of funding interested residents are willing to pay.

After obtaining costs estimates from utilities, Council would then consider and rank projects based on the suggested criteria outlined below:

- public benefit as determined by whether the project area is located on or contains:
 - main traffic routes
 - suburban centres/shopping centres/town centres
 - heritage sites
 - tourist routes and sites

- high use pedestrian areas
- recreation areas
- scenic areas
- total size of project (length of road and number of properties)
- cost of project – total and per km
- number of residents that will benefit from project
- number of residents willing to contribute funding to project
- total funding amount that residents are willing to contribute
- total funding amount the utilities are willing to contribute
- ability to align timing with other Council projects to lower costs of undergrounding (e.g. footpath renewal or street widening)
- presence of trolley bus networks in project area.

Projects either receive up to \$100,000 or 25% of the project costs, whichever is the lesser. These caps establish Council's role as that of seed funder only.

It is recommended that residents can pay their share of project costs in the following ways:

- if 75% of ratepayers agree to fund an undergrounding project (minimum of 8 properties), Council will pay entire up-front costs of project and charge all affected ratepayers a uniform targeted rate (plus interest) over an agreed time period (not exceeding 5 years). Ratepayers can also choose to pay costs up front.
- if the 75% target is not achieved, ratepayers in agreement can pay project costs through up front payment (payment will be in equal quantities or some other allocation arrangement residents agree to amongst themselves)

To address perceptions of “free riding”, it is recommended that Council impose a targeted rate over the full area receiving benefits, when a minimum of 75% of ratepayers agree to pay the costs of the project. The 75% threshold is set because it ensures a high level of resident agreement is reached. Applications under Council's Rates Postponement Policy could be considered in exceptional circumstances, for those unable to meet this targeted rate.

It is also recommended that residents in agreement pay a uniform rate (total project cost spread evenly) rather than distributing the cost by GV value or estimated benefit. Additional discussion on this issue is contained in appendix 3.

The costs of Contestable Fund projects might also be reduced if the project coincides with a Council works project such as footpath renewals or street widening. Council would consider on a case-by-case basis aligning the timing of Council works planned in the current or following financial year to coincide with the undergrounding project in order to offset the costs of approved undergrounding projects. Council's Asset Management Plans provide time frames for residents who want to attempt to coordinate their projects with Council works. Funding would only be used from Council's existing works budget and there would be no additional costs to Council.

Some Council works (e.g. most storm water and drainage upgrades) do not lend themselves to easy alignment with undergrounding in terms of best engineering or traffic practice.

Prior to project approval, Council would negotiate with utilities to contribute funding to the proposed project. The willingness to contribute would probably depend on the condition of the existing overhead services and the commercial benefits to the companies putting the services underground.

The Contestable Fund Pilot limits Council's expenditure and gives Council an opportunity to test the demand for such projects and the effectiveness of a limited Council subsidy. Officers expect the \$200,000 Fund to subsidise around 2-3 projects annually or approximately 1-1.5 km of road. The Fund recognises the urban improvement benefits received by the wider public in high-use, high profile areas from undergrounding and is also an acknowledgement that Council benefits from undergrounding through upgrades to its street-lighting asset.

Facilitate Resident Funded Projects

There have been several situations where residents have funded the entire costs of an undergrounding project. For future requests, Council could facilitate a process for residents who are interested in funding undergrounding projects by assisting with utility negotiations, cost estimations and project logistics.

Guidelines for Resident Initiated Projects would be developed and provided to interested groups to ensure the process is clear and efficient for officers, residents and utilities.

The methods of payment and distribution of costs for Contestable Fund projects would apply to resident funded projects (see above). Like Contestable Fund projects, the costs of resident funded projects might also be reduced if the project coincides with a Council works project or if utilities agree to contribute to the project costs. Projects would only receive facilitation if they meet the guidelines for resident initiated projects (see appendix 5 – page 11).

Establishing a facilitation process is recommended because it would improve the process for officers, residents and utilities when residents are interested in self-funding projects. The option provides some incentives for cooperation if projects can be aligned with other Council infrastructure projects.

Consider Undergrounding in Conjunction with Major Council Works

Council would consider including an undergrounding component to its own large infrastructure projects on main roads (City Gateway Project), public space upgrades or town centre upgrades (Karori Town Centre) where cost savings can occur and public benefits would result. The financial and logistical feasibility of attaching undergrounding to a Council project would be assessed during the planning stages.

With town centre upgrades, residents could have the option of using the funding that would normally be used on a town centre upgrade (which usually includes foot path improvements, roading improvements and other landscaping measures) on an

undergrounding project. Residents groups could also apply to the Contestable Fund to combine the budget from the town centre upgrade to the Council subsidy. Any additional costs would need to be met by residents.

At times, planned Council works do not lend themselves to easy efficient and economical alignment with undergrounding in terms of best engineering or traffic practice. Factors that will determine the feasibility of combining an underground project with a planned infrastructure project are:

- timing of residents approach to Council (e.g. residents should approach Council well in advance of planned project)
- logistics of engineering with existing underground infrastructure
- potential delay to Council project
- short-term and long-term impact of project such as:
 - potential increase in costs of maintaining, repairing or replacing underground infrastructure (e.g. storm-water pipes, gas lines, water mains)
 - traffic disruptions caused by future repairs and maintenance.

This initiative is recommended because it recognises that there could be joint benefits to undergrounding when undertaken as part of other planned Council projects. Any officer recommendation to increase funding to include the costs of undergrounding would need to be agreed through the Annual Plan Process.

Establish Standards for Overhead Workmanship

As owner of the road reserve, Council can impose *reasonable standards* on utilities' use of the road reserve.¹⁴ The standards could cover the appearance, size and location of overhead and underground networks. It is recommended that Council negotiate appropriate standards with utilities and that they be formalised in Council's *Code of Practice for Working on the Road*. Amendments to the District Plan (which cannot be retrospective) or establishing a bylaw could be investigated should voluntary measures prove insufficient.

Establishing these standards is recommended because it limits the negative visual impact of existing overhead cables, without imposing unreasonable constraints on either Council or utilities.

6.3.3 Option 3: Major Undergrounding Programme

Under this option, Council would consider undergrounding overhead cabling as a key priority for improving the urban environment in Wellington. Council would contribute resources and funding to a programme that would initially target main traffic routes, town centres and other high use areas and eventually move towards undergrounding residential streets. The possible extent of Council action is described in the two sub-options below.

¹⁴ Legal advice suggests that requiring utilities to underground would not likely be a 'reasonable condition'.

Targeting high profile areas (costing \$1 million per annum)

Council would conduct its own (compared with acting only in response to resident initiatives) pilot-programme funding undergrounding projects that result in significant public benefits. The suggested annual funding for this programme is \$1,000,000 and it would run on a three –year pilot basis. The programme would target main arterial routes¹⁵ and high profile areas and officers would attempt to align undergrounding with planned Council works to lessen the overall project costs.

Like the Contestable Fund Programme, Council would negotiate with utilities to seek a funding contribution. Undergrounding would make more significant progress with this approach but \$1 million would still only result in 1-2 km of undergrounding per annum.

Dedicating \$1 million to undergrounding annually is not recommended because of the high costs versus small, hard to quantify gains and the fact that, according to the Residents' Satisfaction Survey, undergrounding is not a high ranking priority for residents.

Citywide Undergrounding Project (costing \$5-\$7 million per annum)

Council would initiate a long-term programme to underground cables throughout the entire city over several decades. It is estimated such a programme would cost approximately \$250-\$350 million at a rate of \$5-\$7 million per annum for 50 years.

A citywide undergrounding programme is not recommended because of the high costs for benefits that are accorded a relatively low priority by residents.

6.4 Recommended Policy

It is recommended that Council adopt the Increased Council Facilitation initiatives as follows:

- **Contestable Undergrounding Pilot Fund**
- **Facilitate resident funded projects**
- **Consider undergrounding in conjunction with major Council Works**
- **Establishing standards for overhead workmanship**

The combination of the above options will:

- provide partial subsidies for undergrounding proposals from residents when Council can identify a significant public benefit from the project
- provide a facilitation process where Council officers work with residents and utilities to coordinate undergrounding projects when residents are willing to finance the project
- allow Council to consider providing a financing mechanism for residents that cannot afford the up-front costs of undergrounding projects
- consider including undergrounding as a component of major infrastructure projects on a case-by-case basis
- help to ensure overhead networks are of a reasonable standard.

¹⁵ A main arterial road is one that has a volume of traffic of more than 10,000 or more vehicles per day.

The recommended policy is a balance between Council's recognition of the benefits of undergrounding against Council's other funding priorities. The recommended policy identifies that:

- Council is aware of the benefits of undergrounding but also recognises that the tangible costs to Council outweigh the tangible benefits to the public
- overhead networks are owned by utilities and Council is not willing to commit large amounts of funding to an asset it does not own without significant benefits
- private residents receive the most benefits from undergrounding and should therefore fund the majority of costs
- Council has more urgent funding priorities than undergrounding.

It is recommended that Council impose targeted rates when 75% of affected ratepayers agree to the project. It is also recommended that for simplicity, the project costs are distributed uniformly to the ratepayers. As stated above, ratepayers in agreement can choose to pay for the project if the 75% threshold is not achieved. The Policy would be reviewed after three years for its effectiveness.

7. Implications of Draft Undergrounding Policy

The recommended policy would cost Council \$250,000 (OPEX) per annum for three years starting in 2006/07. There may be additional costs that would be agreed in future annual plans, should Council agree to include undergrounding as a component of its planned infrastructure projects.

Council would also incur capital costs should it provide the up-front funding for resident initiated projects and the pilot fund projects. Officers would put forward proposals in the Draft Annual Plan to secure funding for these situations. It is difficult, particularly given the pilot status of the fund, to predict how much interest Council might receive from residents for undergrounding projects.

Council officers might not be able to meet the demand for undergrounding projects if there are high levels of interest for both the facilitation of resident initiated projects and the Contestable Fund. If officers are unable to cope with an application influx and time involved with administering targeted rates, Council retains the right of deciding how many project proposals it accepts from an administrative perspective.

8. Negotiations with Utilities

8.1 Project management and Contractual Ownership

Under the recommended Policy, Council would contribute to certain aspects of the planning, coordination and facilitation of undergrounding projects. The networks are the utilities' assets with Vector/UnitedNetworks and Telecom owning the majority of the poles. Vector/UnitedNetworks has indicated a preference to manage any contracts. This is common practice for recent undergrounding projects in Wellington as well as for undergrounding projects in other parts of New Zealand.

8.2 Utilities Contributions to Undergrounding

Council officers have discussed undergrounding issue with Vector/UnitedNetworks, Telecom, TelstraClear and Citylink. These utilities rarely conduct undergrounding projects and when they do, it is when cost savings can be identified.¹⁶

These utilities all indicated a reluctance to contribute funding to undergrounding because in general, undergrounding projects are not commercially viable from a cost/benefit perspective. These utilities also indicated that they are willing to underground their assets as long as the cost of the project are met by another party such as residents groups, developers or Council.

Officers recommend that Council continue to negotiate with utilities, as an extension of existing partnership arrangements, to agree in principle to contribute funding to undergrounding projects when they can identify commercial benefits to the utilities.

Utilities could benefit financially from resident initiated or Council initiated projects when they have a planned upgrade of their overhead network that corresponds to the undergrounding projects. Council would only negotiate for contributions when overhead upgrade may be expected within five years of a proposed undergrounding project.

9. Consultation Process

If the Committee agrees to the Draft Undergrounding Policy, then it will be available for public consultation from May-June. Officers will report back to the Committee on submissions received and/or heard and any recommended changes to the draft policy in August 2005. An outline of the consultation plan and draft of the submission form are contained in appendix 5.

10. Conclusion

The recommended policy is a balance between Council's recognition of the benefits of undergrounding against costs and Council's other funding priorities. The facilitation process for resident initiated projects and the Contestable Undergrounding Fund would be reviewed after three years to assess their effectiveness. Officers recommend that the Strategy and Policy Committee agree to the attached Draft Undergrounding Policy for consultation.

Report written by: Zach Rissel, Policy Advisor

¹⁶ Council negotiated with TelstraSaturn in 1999 to underground 12km of its network in places where the network created the biggest visual impact. TelstraClear have undergrounded its network in all or parts of around 20 streets and the project is approximately 75% complete. Telecom and United Networks did not jointly underground with the TelstraClear programme.

Supporting Information

1) Fit with Strategic Objectives/Strategic Outcomes

This project supports a broad range of outcomes under several Key Achievement Areas:

- 1.1 Liveable City
- 1.3 Memorable City
- 1.5 Beautiful City
- 2.7 Safeguarding communities
- 5.4 Landscape and Natural Heritage

2) LTCCP/Annual Plan reference and long term financial impact

The implications for the LTCCP are set out in section 7 of this report.

3) Treaty of Waitangi considerations

There are no Treaty of Waitangi implications to consider in this submission.

4) Decision-Making

This is not a significant decision.

5) Consultation

a) General Consultation

Discussions have been held with relevant Council officers. If agreed to by Strategy and Policy the public will be consulted from May-July.

b) Consultation with Maori

Consultation with Maori will be undertaken as part of consultation process.

6) Legal Implications

Legal advice has been received.

7) Consistency with existing policy

This is a new policy.

APPENDIX 1

Extent of Overhead and Underground Networks for Utilities

Network type ¹⁷	Overhead Length (km)		Underground Length (km)		Total Length (km)
Telecom ¹⁸	201	16%	1000	84%	1,201
TelstraClear	371	67%	182	33%	553
CityLink	32	80%	8	20%	40
UnitedNetworks					
• Low voltage	770	40%	1207	60%	1907
• High voltage	160	19.5%	662	80.5%	822
Trolley bus	97	100%	0	0%	97
WCC Road Comparison					650

¹⁷ The estimates from TelstraClear and CityLink are taken from the 1999 KPMG report. Neither company provided updated figures for their overhead and underground network lengths.

¹⁸ Telecom's overhead network primarily consists of customer lead-ins. The majority of their main distribution network is underground. These estimates were provided by Telecom and the overhead length estimate for Telecom's network from the 1999 KPMG report is 30% greater (573km).

APPENDIX 2

Appendix 2: Costs of Undergrounding Case Studies

	Karori Road	Calabar Road	Hawker/Moeller St	Palliser/Thane Rd	Punjab/Waru St	Adelaide Road
Suburb	Karori	Miramar	Mt. Victoria	Mt. Victoria/Roseneath	Khandallah	Newtown
Area type	Suburban centre Main Road	City Gateway Main Road	Tourist Route Residential	Tourist/Scenic Route Residential	Residential	Main Road
Length (m)	1300	225	525	675	630	1180
Properties	91	20	77	94	51	83
Trolley Bus	Yes	No	No	No	No	Yes
Costs [\$000's]						
• Vector	844	120	440	460	430	680
• Streetlighting	52	12	30	26	12	65
• Telecom	74	24	62	60	45	92
• TelstraClear	74	24	62	60	45	92
Total	1,044	180	594	606	532	929
Cost per km	803	800	1,131	897	844	787
Cost per property	11.4	9	7.7	6.4	10.4	11.2

Funding Mechanism for Contestable Fund and Resident Funded Projects

Under the recommended policy, if 75% or more of ratepayers in the affected area agree to fund the undergrounding project than Council will impose a targeted rate on all ratepayers in the affected area. The discussion below recommends how targeted rates should be applied and how costs should be distributed between affected ratepayers.

Funding by Residents

Council will encourage ratepayers to pay the full cost of undergrounding projects up-front. However, when up-front payment is not an affordable option for ratepayers, it is recommended that Council charge a targeted rate. A targeted rate could be charged towards all ratepayers that benefit from the project or it could be charged only towards ratepayers that agree to pay for the undergrounding project.

To address perceptions of “free riding”, it is recommended that Council impose a targeted rate over the full area receiving benefits, when a minimum of 75% of ratepayers agree to pay the costs of the project. The 75% threshold is set because it ensures a high level of resident agreement is reached. It is thought that generally speaking, this is the more equitable approach since:

- a) it ensures that all ratepayers that will benefit from undergrounding will share project costs
- b) it sets a high agreement threshold to ensure an overwhelming majority of ratepayers are in agreement
- c) it allows ratepayers that cannot afford to contribute to undergrounding projects to apply for a rates postponement in exceptional circumstances
- d) it allows ratepayers in agreement to continue on with an undergrounding project if they cannot meet the 75% threshold.

Distribution of Costs Paid by Residents

In any undergrounding project, some properties may receive more benefits from the undergrounding project compared to others. Project costs can reflect these differences by being distributed in a number of ways:

- ratepayers pay uniform fee for undergrounding project
- ratepayers individual contribution is proportional to the GV value of the property
- ratepayers individual contribution is proportional to the size of their property frontage
- ratepayers individual contribution is proportional to the benefits received¹⁹
- ratepayers determine distribution of payment amongst themselves
- a combination of the options above.

¹⁹ For this option, Council would need to quantify the benefits for each property, which would be costly, time consuming and therefore, inadvisable.

APPENDIX 3

Research on other residents-funded projects concluded that there is no single payment option that can ensure that all costs paid in an equitable way. Auckland, North Shore and Christchurch all charge uniform rates for resident funded projects because it is the simplest way to administer payment and this approach is also recommended for the Policy. However, if residents choose to divide the cost up differently they can do so but Council will not assist with this process.

**WELLINGTON CITY COUNCIL
POLICY ON UNDERGROUNDING
OF OVERHEAD CABLES**

CONTENTS

FORWORD.....	3
SUMMARY OF COUNCIL POLICY	3
INTRODUCTION.....	4
POLICY OBJECTIVES	4
UNDERGROUNDING PRINCIPLES	4
COSTS AND BENEFITS OF UNDERGROUND CABLES.....	4
CURRENT REGULATORY POLICY FOR UNDERGROUNDING.....	5
COUNCIL POLICY ON RETROSPECTIVE UNDERGROUNDING.....	5
STANDARDS FOR OVERHEAD APPEARANCE.....	9
GUIDELINES FOR RESIDENT INITIATED UNDERGROUNDING PROJECTS.....	7
CONTESTABLE FUND PROGRAMME.....	6
OPPORTUNITY TO UNDERGROUND WITH PLANNED INFRASTRUCTURE PROJECTS	8
UNDERGROUNDING OF OVERHEAD CABLES	10
GUIDELINES FOR RESIDENTS INITIATED PROJECTS.....	10

FORWARD

Wellington City has an extensive network of overhead electricity and telecommunications cabling that provide important services to Wellington residents, businesses and organisations. Utilities install overhead cables because they are the most cost-effective and efficient way to provide their services to customers. However, overhead cabling can be unsightly.

Council has addressed undergrounding as a policy issue previously. In order to prevent the intensification of overhead cabling, Council approved District Plan changes in 2004 that prevent utilities from installing any new or additional overhead cabling. Furthermore, Council requires all cabling for new developments to be installed underground. This policy outlines Council's approach to retrospective undergrounding i.e. putting existing overhead cabling underground.

SUMMARY OF COUNCIL POLICY

- Council encourages utilities to underground their networks in all areas.
- All new subdivisions are required to have underground utility networks.
- Council will run a three-year Contestable Undergrounding Fund pilot programme from 2006/07. Council will invite residents groups to submit proposals for funding and provide subsidies to projects that provide sufficient public benefits. The Fund will allocate \$200,000 annually, prioritised according to the greatest level of public benefit.
- Council will facilitate activities and communications between residents and utilities for resident-initiated projects. Interested residents will be provided with a set of guidelines to assist them with the planning process. Residents that meet the criteria outlined in the guidelines will receive assistance from Council with discussions with utilities, co-ordination of activities and imposing targeted rates in place of up front payments (if necessary). Council and utilities will have the option to contribute additional funding if the proposed project corresponds to any planned work such as footpath renewals for Council or network replacement for utilities.
- Ratepayers can pay the costs of the project in two ways:
 - if 75% of ratepayers agree to fund project (minimum of 8 properties), Council will pay entire up-front costs of project and charge all affected ratepayers a uniform targeted rate (plus interest) over an agreed time period not exceeding 5 years. Ratepayers can also pay costs up front.
 - if the 75% target is not achieved, ratepayers in agreement can pay project costs through up front payment (payment will be in equal quantities or some other allocation arrangement they may agree amongst themselves).
- Council will consider attaching an undergrounding component to other Council infrastructure projects on main arterial roads and other high-profile areas on a case-by-case basis.

INTRODUCTION

This document contains Council's policy for the retrospective undergrounding of overhead utility networks. The policy is designed to provide a clear approach for Council officers and residents regarding various aspects of undergrounding.

POLICY OBJECTIVES

The key objectives of the policy are:

- clarifying Council's role for undergrounding projects funded by residents
- outlining the feasibility of combining undergrounding projects with planned Council infrastructure projects such as footpath renewals
- clarifying Council's funding priorities with respect to undergrounding.

UNDERGROUNDING PRINCIPLES

The draft Policy is underpinned by the following principles:

- undergrounding to improve the urban environment should be conducted in an equitable and efficient way
- Council funding for undergrounding should target projects that would result in the highest benefit to the Wellington community
- Council's decisions on whether to initiate an undergrounding project will consider all qualitative and quantitative benefits and costs
- the impact of undergrounding projects on existing or future infrastructure should be minimised.

COSTS AND BENEFITS OF UNDERGROUND CABLES

Placing existing overhead cables underground may have a number of key benefits, although some are very difficult to quantify. The benefits include:

- cables are removed from sight which should improve the appearance of the urban environment
- property owners may benefit through increased property values
- reduced exposure to the elements can reduce maintenance, repair and outage costs for network owners
- public safety should improve from reduced traffic hazards, electrocution risks and hazards resulting from major earthquakes and storms
- decreased pruning costs of street trees.

The benefits of retrospective undergrounding are significant but Council also recognises that there are some drawbacks that must be taken into account:

- retrospective undergrounding is extremely costly because of the engineering requirements and the high cost of materials¹. A citywide undergrounding programme would cost around \$250-350million.

¹ On average, undergrounding projects in Wellington cost approximately \$600,000/km-\$1,000,000/km (the cost per property ranges approximately \$5,000-\$10,000). This includes all planning, labour, material and compliance costs associated with the project.

- the high costs associated with undergrounding would be passed on to rate-payers and consumers
- the benefits of undergrounding are notoriously difficult to quantify
- the streets with trolley bus network would receive less visual benefits from undergrounding because the trolley bus networks would remain in place
- when underground cables do need maintenance or repairs, it is much more costly than repairing overhead cables.

CURRENT REGULATORY POLICY FOR UNDERGROUNDING

1) *General Policy Statement*

The District Plan states that Council's policy "is to encourage network utilities to be sited underground in all areas". Council does not require utilities to underground their existing overhead network² and utilities are reluctant to underground their existing networks because of the prohibitively high costs.

2) *Additions of Overhead Cables to Existing Overhead Network*

In August 2004, Council approved District Plan change 14 that prevents any further intensification of overhead cabling in Wellington.³ The District Plan change requires utilities to obtain resource consent for the installation of any new or additional overhead lines, which effectively stops any further intensification of the overhead network and encourages the undergrounding of new and additional overhead lines.⁴ In addition, rule 23.1.2 (approved in 1994), which permitted the addition of one overhead cable for new technology, has been removed.

3) *New Subdivisions*

All new subdivisions are required to have underground cabling following the introduction of the District Scheme in 1968.

COUNCIL POLICY ON RETROSPECTIVE UNDERGROUNDING

Council recognises that undergrounding utility networks provide aesthetic and safety benefits. The main drawbacks with undergrounding are the high costs and difficulty deciding how costs should be shared. Council's policy is framed by the principle that those that benefit from undergrounding should pay an amount proportional to the benefits received. This can become complicated because quantifying and assigning the benefits is difficult and subjective.

Council will be pro-active in helping Wellington residents to underground overhead cables. Council funding for undergrounding will strategically target areas that would receive the biggest public benefits but a large-scale undergrounding programme

² The Telecommunications Act and the Electricity Act both state that local authorities are allowed to put reasonable conditions on utilities with regard to their distribution network.

³ The Plan changes were notified in December 2002.

⁴ Additional overhead cables will only be granted resource consent under special circumstances.

APPENDIX 4

would be too expensive to implement given Council's existing priorities. Council's Undergrounding Policy has four components:

1. A Contestable Undergrounding Fund pilot programme where residents apply to Council for partial subsidies, from 2006/07
2. Facilitate projects initiated and paid for by residents
3. Consider undergrounding in conjunction with planned Council infrastructure projects
4. Develop standards to ensure overhead networks are of a reasonable quality.

It should be noted that Council officers might not be able to meet the demand for undergrounding projects if there are high levels of interest for both the facilitation of resident initiated projects and the Contestable Fund. If officers are unable to cope with an application influx and time involved with administering targeted rates, Council retains the right of deciding how many project proposals it accepts from an administrative perspective.

CONTESTABLE FUND PROGRAMME

Council will establish a pilot Contestable Undergrounding Fund to subsidise a limited number of resident initiated projects that provide sufficient public benefits. The Fund would initially operate as a three-year pilot starting in the 2006/07 financial year. A review to assess the process and the benefits accrued in relation to the cost of the programme will be undertaken towards the end of the pilot. The Fund provides \$200,000 annually for undergrounding projects (subject to approval in the 2006/2007 Long Term Council Community Plan).

Council will invite residents to submit proposals for undergrounding projects each year. After obtaining costs estimates from utilities, Council would then rank projects based on the criteria outlined below:

- public benefit as determined by whether the project area is located on or contains:
 - main traffic routes
 - suburban centres/shopping centres/town centres
 - heritage sites
 - tourist routes and sites
 - high use pedestrian areas
 - recreation areas
 - scenic areas
- total size of project (length of road and number of properties)
- cost of project – total and per km
- number of residents that will benefit from project
- number of residents willing to contribute funding to project
- total funding amount that residents are willing to contribute
- total funding amount the utilities are willing to contribute
- ability to align timing with other Council projects to lower costs of undergrounding (e.g. footpath renewal or street widening)
- presence of trolley bus networks in project area.

Approved projects either receive up to \$100,000 or 25% of the project costs, whichever is the lesser. The evaluation against the criteria is designed to identify the

APPENDIX 4

projects that provide the most public benefit at the most cost-effective price. The costs of the approved Contestable Fund projects might be reduced if the projects coincide with a Council works project.

Residents can pay for project costs in the following ways:

- if 75% of ratepayers agree to fund project (minimum of 8 properties), Council will pay entire up-front costs of project and charge all affected ratepayers a uniform targeted rate (plus interest) over an agreed time period not exceeding 5 years. Ratepayers can also pay costs up front.
- if the 75% target is not achieved, ratepayers in agreement can pay project costs through up front payment (payment will be in equal quantities or some other allocation arrangement they may agree amongst themselves).

The costs of projects might be reduced if the project coincides with a Council works project such as footpath renewal or street widening. Council will also consider, on a case-by-case basis, aligning the timing of Council infrastructure projects planned for the following financial year with the undergrounding project in order to offset the costs of approved undergrounding projects. Council's Asset Management Plans provide time frames for residents who want to attempt to coordinate their projects with Council works.

Some Council works (i.e. most storm water and drainage upgrades) do not lend themselves to easy alignment with undergrounding of cables in terms of timing and best engineering or traffic practice.

Prior to approval, Council will negotiate with utilities to contribute funding to the proposed projects. The willingness to contribute will likely depend on the condition of the existing overhead services and the assessed benefits to the companies putting the services underground.

FACILITATION OF RESIDENT INITIATED AND FUNDED UNDERGROUNDING PROJECTS

For projects that do not receive funding from the Contestable Fund, Council will facilitate a process for residents who are interested in funding undergrounding projects on their street. Residents will receive Council assistance in the form of staff resources with liaising with utility companies to prepare cost estimates.⁵ Guidelines for Resident Initiated Projects will be provided to ensure the process is clear and efficient for officers, residents and utilities. Council will work with utilities to prepare estimates of costs per property.

The guidelines follow the following process:

1. Residents prepare an expression of interest containing a project description, a list of residents that agree in principal to contribute funding to project (minimum of 8 properties) and a nominated contact representative for residents. Residents should be aware that expected costs range between \$4,000-10,000 per property.

⁵ Costs include undergrounding to ratepayers properties that do not agree to participate in project.

APPENDIX 4

2. If the 75% threshold is met, Council will liaise with utility companies to obtain cost estimates for the project and prepare a project proposal for consideration by residents.⁶
3. If the 75% threshold is not met, Council will continue with the process if the balance of ratepayers in agreement agrees to pay entire cost of project.
4. Once cost estimations are received, residents determine if they want to proceed with funding the project and indicate their preferred payment option (if applicable).
5. If there are any funding implications for Council through targeted rates (see below), Council will consult through its Draft Annual Plan on the setting of a targeted rate.
6. Once funding is secured, Vector/United Networks will manage the contract tendering and construction aspects of project.

The methods of payment and distribution of costs for Contestable Fund projects will apply to resident funded projects (see above). Like Contestable Fund projects, the costs of resident funded projects might also be reduced if the project coincides with a Council works project or if utilities agree to contribute to the project costs.

Council is unlikely to facilitate resident initiated projects that increase the cost of other planned Council projects and/or imposes significant engineering or traffic disruptions.

OPPORTUNITY TO UNDERGROUND WITH PLANNED INFRASTRUCTURE PROJECTS

Council will consider including an undergrounding component to large infrastructure projects on main roads or public space upgrades (e.g. Karori Town Centre upgrade and City Gateway Project). The financial and logistical feasibility of attaching undergrounding to a Council project will be assessed during the planning stages. In addition to providing a cost estimate for the stand-alone infrastructure project, Council would provide a cost estimate that incorporates the cost of undergrounding into the cost of the roading project.

With town centre upgrades, residents have the option of using the funding that would normally be used on a town centre upgrade (which usually includes foot path improvements, roading improvements and other landscaping measures) on an undergrounding project. Residents groups could also apply to the Contestable Fund to combine the budget from the town centre upgrade to the Council subsidy. Any additional costs would need to be met by residents.

At times, planned Council works do not lend themselves to easy efficient and economical alignment with undergrounding in terms of best engineering or traffic practice. Factors that will determine the feasibility of combining an underground project with a planned infrastructure project are:

- timing of residents approach to Council (e.g. residents should approach Council well in advance of planned project)

⁶ Ratepayers can apply for a rates postponement under the Rates Postponement Policy if they feel they are unable to meet the costs of the rates increase. This also applies to the Contestable Fund Projects.

APPENDIX 4

- logistics of engineering with existing underground infrastructure
- potential delay to Council project
- short-term and long-term impact of project such as:
 - potential increase in costs of maintaining, repairing or replacing underground infrastructure (e.g. storm-water pipes, gas lines, water mains)
 - traffic disruptions caused by future repairs and maintenance.

As stated above, Council will consider attaching the funding from planned infrastructure projects to both resident initiated projects and approved Contestable Fund projects. Council officers will determine the feasibility of conducting an undergrounding project in conjunction with a previously planned infrastructure project.

STANDARDS FOR OVERHEAD APPEARANCE

Council recognised that overhead networks are a long term reality but it aims to limit the negative visual impact of overhead cables that remain. Council will seek to establish a reasonable standard of workmanship to ensure that as overhead networks are repaired, maintained or replaced, their appearance is kept to a specified appearance standard.

As owner, Council can impose standards on how the utilities use the road reserve. The standards can cover the appearance, size and location of their overhead and underground networks.

The standards will initially be agreed to (in consultation with utilities) through additions to Council's *Code of Practice for Working on the Road*.

UNDERGROUNDING OF OVERHEAD CABLES GUIDELINES FOR RESIDENTS INITIATED PROJECTS

This document sets out Council's guidelines for residents' initiated undergrounding projects. Council's will take a facilitation role with resident initiated projects. If interested residents follow the process outlined in the guidelines, Council will assist them by:

- initiating discussions with the relevant utilities
- obtaining costing and project information
- developing a project proposal that includes
 - project definition
 - cost estimate
 - funding proposal
 - contingencies
- co-ordinate the commissioning of project
- providing a financing mechanism to residents in agreement that can be paid back over time through targeted rates (subject to annual plan process each year)

Council will consider providing funding to resident initiated projects when they correspond to planned Council infrastructure projects. In these situations, Council will incorporate the costs of undergrounding into the overall infrastructure project costs. Council will only initiate a combined project when cost savings can be identified and the combined project does not create significant delays to the planned works. Council will also encourage the utilities involved to contribute funding to resident initiated projects.

The guidelines will be reviewed on an ongoing basis in the light of experience gained. Council will not force utility companies to underground existing legally established overhead cables (even if an external party provides the funding) so residents initiated projects will be reliant upon the co-operation of utility companies. The guidelines to resident initiated projects are outlined below.

GUIDELINES

The objective of the residents initiated programme is to assist residents in undergrounding overhead cable networks in their areas where residents are prepared to fund the undergrounding themselves or where a third party (e.g. utility companies) is prepared to do on their behalf.

Stage 1: Prepare an Expression of interest

- 1) Residents (groups of residents concerned or Residents Associations) prepare an expression of interest indicating they would like existing overhead cables to be undergrounded. The expression of interest must contain at least the following information:
 - clear description of the streets or parts thereof involved in the project. This must also be done using aerial photographs obtainable from Council's geographic information system on request.
 - a list of residents that agree in principal to contribute funding to project and a nominated contact representative for residents. Council will only facilitate projects where 8 or more properties agree to underground. Residents should be aware that expected costs range between \$4,000-10,000 per property.
 - The contacts of a nominated representative to act as a point of contact between Council and residents.

Stage 2: Establishing level of agreement amongst affected ratepayers

- 2) If 75% of affected ratepayers from the project area agree to fund the undergrounding project, Council will have the discretion of imposing a uniform targeted rate to all affected ratepayers in the target area.
- 3) If less than 75% of affected ratepayers from the project area agree to fund the project, Council will continue its facilitation role if the balance of ratepayers in agreement agree to fund the entire cost of the project amongst themselves. These residents must acknowledge that they will be paying for the cost of those ratepayers that did not agree to pay.

Stage 3: Council liaison with utility companies and costing of the project

- 4) Upon receipt of a satisfactory expression of interest, Council will contact the utility companies concerned and other service providers (including those within Council) to:
 - Obtain the co-operation of utility companies and service providers to a co-ordinated project to underground overhead cables.
 - Prepare a cost estimate for the project.
 - Prepare a funding proposal for the consideration of supporting residents. Council's preference is that the cost of the project is met by a resident's contribution paid in full "up front" (at Step 4 below). However, where Council is satisfied that "up front" funding by supporting residents is not a practical option, Council will consider paying entire up-front cost of

APPENDIX 4

project and recover the full costs of this (including interest) through a targeted rate on the properties of the ratepayers in agreement only over a period not exceeding 5 years.

- 5) Council officers will formulate a “Draft Project Proposal” containing the following information:
 - Project definition
 - Cost estimate
 - Funding proposal
 - Contingencies (to cater for supporting residents who may sell their properties in the interim to people who are not willing to contribute financially to the project). The draft proposal will be discussed with the nominated Representative (and other residents if this considered by Council officers to be necessary) and amendments made as required. A final Project Proposal will then be sent to the Nominated Representative.
- 6) If the Council is planning an infrastructure project that aligns with the proposed undergrounding project, Council will consider incorporating the undergrounding project in the planned work. Council will not fund the undergrounding work involved beyond the planned Council project and will only support the undergrounding where this does not increase the cost of the Council work. Residents must submit their undergrounding proposals well in advance of the start-date of the planned Council infrastructure project if a combined project is to be considered.

Stage 4: Resident’s Funding or Written Approvals provided

- 7) In the case of projects to be funded by contributions from supporting residents, the Council shall obtain the required funding from residents.
- 8) In the case of projects to be funded through a targeted rate, the Nominated Council will establish which properties are located in the affected area and these properties will be included in the “Final Project Proposal”. These properties will incur the targeted rate to cover the cost of the project within the annual plan.

Stage 5: Consultation through the Draft Annual Plan

- 9) In the event residents do not fully fund the project upfront, Council will consult through the Draft Annual Plan on the setting of a targeted rate to cover the costs of the proposed resident projects.

Stage 6: Commissioning and implementation

- 10) Provided that the Council is satisfied that the requirements of stages 1-4 are met, the Council will then proceed to commission the work.
- 11) If the final contract price exceeds the levels and variances given in the “Final Project Proposal”, additional funding from residents or new written approvals will be required to pay the additional cost. Ratepayers will be refunded if the construction costs are less than projected.

APPENDIX 4

Notes

- 12) If technical defects arise before the warranty period finishes, the contractor will be responsible for correcting the problem. If problems occur after the warranty period, the affected utilities will have the responsibility of fixing the problem
- 13) The costs of undergrounding projects per property are approximately \$4,000 to \$10,000. The costs are dependent on the following factors:
 - Property density
 - Soil and rock type
 - Type of
 - Nature, extent and condition of the existing overhead cables
 - Condition and design of footpaths and roads
 - Extent to which utilities are prepared to contribute to the particular project
 - Extent to which Council is prepared to contribute to the particular project
 - Number of properties that would benefit and whose owners agree to fund the project
 - Difficulty of undergrounding to properties

Consultation and Communications Plan

Consultation objectives – Officers are seeking feedback from residents and ratepayers on their support of the recommended options from the Draft Policy and also want to obtain the priority of undergrounding for residents and ratepayers who have a clear understanding of the issue. Officers hope to obtain submissions from the majority of resident associations and both community boards.

Officers want to get feedback from all utilities with overhead networks in Wellington regarding the Draft Policy: UnitedNetworks, Telecom, TelstraClear, CityLink and Wellington Cable Car Ltd.

Other consultations planned for this time – The Draft Annual Plan is being consulted on during this time which includes the Draft Liquid Waste Management Plan, the establishment of Arts Centre Trust, the establishment of Indoor Stadium Trust and Development Contributions Policy. The Community Outcomes Exercise is also being conducted at this time.

The consultation period for the Draft Policy has been extended until July so it is unlikely that the audience will be overloaded. Press releases and characteristics of the Draft Policy mean it is unlikely that the audience will be confused.

Key Messages –

- Undergrounding existing overhead networks can result in improvements to the urban environment and public safety but it is extremely expensive.
- The Draft Undergrounding Policy recognises the benefits but takes the view that undergrounding is not a priority for Council.
- The recommended initiatives of Draft Undergrounding Policy increases Council’s facilitation of undergrounding in Wellington.

Target Audience and Communications Tools –

Audience	Communication Tools
Residents	Information will be provided on Council’s website and in the APW. Information will also be available at Council libraries, at community centres and at Council offices. Media releases.
Residents associations	Information will be sent to Residents’ Associations.
Utility companies: <ul style="list-style-type: none"> • Vector/UnitedNetworks 	Information will be sent to the utility companies and a meeting will be held with them.

APPENDIX 5

<ul style="list-style-type: none"> • Telecom • TelstraClear • CityLink • Wellington Cable Car Limited 	
Community Boards	Information will be sent to the Community Boards
Maori	Information will be sent to Tenth's Trust and Ngati Toa.

Action Plan –

Date	Action
14 April	Strategy and Policy Committee considers the Draft Undergrounding Policy
8 May	Commence consultation
May-June	Meet with key stakeholders
16 July	Submissions close
4 August	Oral Submissions to SPC
June – Aug	Analysis of submissions
18 August	Report back to Committee with Final Undergrounding Policy
31 August	Final consideration by Council
September	Feedback provided to the submitters in the decision making

APPENDIX 5

SUBMISSION TO DRAFT UNDERGROUNDING POLICY

Please fill in this submission form and return by **4:00pm 16 July 2005**.

The Wellington City Council is interested in your views on the Draft Undergrounding Policy. Further information on the proposal is available at the Council Offices (101 Wakefield Street, 04 499 4444), at Wellington City Libraries and Service Centres and on the Council website www.wellington.govt.nz

Fold and staple this page and post it to the Council (freepost) or fax it to 04 801 3231 or drop it into a Council Service Centre or Council offices.

SECTION 1: DETAILS TO INCLUDE ON FORM (* Mandatory fields)

Mr / Mrs / Miss / Ms * (circle which applies)

Organization
name (if applies) _____

First Name(s) * _____

Last Name * _____

Street Address * _____

Phone _____

Email _____

Freepost * _____

Privacy Statement (This statement must appear on your submission form)

All written submissions (including name and details) will be made available to the Mayor, Councillors and the public.

Would you like to make an oral submission on 4 August? yes no

Do the recommendations of the Draft Undergrounding Policy meet your expectations of Council's role with undergrounding overhead cables? (please circle one)

- a) Not enough Council involvement in terms of resources/funding
- b) Adequate level of Council involvement in terms of resources/funding
- c) Too much Council involvement in terms of resources/funding
- d) Don't know

APPENDIX 5

There are definite benefits from putting existing overhead cables underground such as improvements to the urban environment and reduced safety risks but it costs a significant amount of money (estimates around \$250million-\$350million over 50 years). Using a scale of 1 to 5, where 5 means you think its absolutely essential to put all cables underground in Wellington and 1 means you think it is totally unnecessary to put all cables underground, how important do you think it is to put all cables underground? (please circle choice)

1	2	3	4	5	Don't know
Totally				Absolutely	
Unnecessary				Essential	

My comments/concerns are.....