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Review of the delivery of mainstreet programmes – Tauranga City Council

Introduction

1. The objectives of this review are:
   - To review the way and the extent to which, Tauranga's mainstreet programmes (CBD, Mount Maunganui, Greerton and Papamoa) contribute to the creation of thriving town centre business districts within the city.
   - To review the strategic alignment between the mainstreet programmes and Tauranga City Council's (TCC) existing policies and priorities.
   - To review the way TCC currently arranges organisational responsibility for creating thriving town centre business districts, both in respect of direct service provision and through its partnerships with external organisations.
   - To identify and recommend changes to existing arrangements, if any, that are expected to drive improved outcomes for retail centres.

   The full terms of reference for the review are attached as Appendix 1.

2. A list of the staff members and representatives of external organisations that I interviewed for this review, is attached as Appendix 2.

Recommendations

3. The following are the recommendations arising from this review:
   3.1 That TCC continue to deliver its mainstreet programmes through a collaborative business-community led model;
   3.2 That the accountability regime proposed in this report be implemented as soon as possible;
   3.3 That, as part of the accountability regime, TCC provide the mainstreet organisations with a three yearly letter of expectation, coinciding with the LTP cycle, as the mechanism for ensuring strategic alignment of direction between the mainstreet organisations and TCC;
   3.4 That the existing agreements with the mainstreet organisations be reviewed as soon as possible to reflect the proposed accountability regime and to standardise the terminology in the agreements;
   3.5 That TCC undertake periodic surveys of the opinion of the owners and occupiers of the properties within the targeted rates areas that fund the mainstreet programmes, about the effectiveness of those programmes;

3.6 That TCC monitor progress with the rebuilding of the delivery of the mainstreet programme in Mount Maunganui;
3.7 That a role (at least .2FTE) be created within the Community Partnerships Division of the Community Services Group to manage the relationship with the mainstreet organisations.

The role of the mainstreet organisations

4. "Retailers and merchants in Tauranga City Centre, Mount Maunganui, Greerton and Papamoa are supported by membership organisations (Mainstreet organisations). Their work is funded through a targeted rate that is paid by commercial property owners in each area. The role of these organisations is to promote local business and encourage its development in each geographical area, contributing to creating strong and vibrant city and town centres. They organize promotions, events and other initiatives to make each area more attractive, interesting and inviting to shoppers and visitors." *(source TCC website)*

Current arrangements

Agreements for the delivery of mainstreet services

5. There are agreements in place between TCC and the mainstreet organisations for the delivery of services. The intent of the agreements is to the effect that:
   - the mainstreet organisations will contribute to the achievement of strong and vibrant city and town centres by promoting the appeal of their respective areas to shoppers and others through events, promotions and other means;
   - TCC will provide funding for these mainstreet services by way of a targeted rate over each of the respective mainstreet business areas.

6. The agreement for the Greerton area is attached as an example at Appendix 3. The agreements for the other three mainstreet areas are not identical to this example but are similar in intent and effect. Due to the age of the agreements, they are in need of review.

7. The mainstreet organisations are incorporated societies and all business operators within their respective targeted rates areas are regarded by the mainstreet organisations as being their members although there does not seem to be any formal process for becoming members in the normal sense of the words.

Greerton Village Community Assn

8. The current agreement for the delivery of mainstreet services has been in place since 1 July 2011. Funding of $134,000 from targeted rates was provided by TCC under the agreement for the year ended 30 June 2021.

9. The Greerton Village Community Assn (GVCA) employs a manager who is responsible to the organisation's board for the day-to-day delivery of the mainstreet programme in Greerton. The programme involves a range of events and promotions designed to attract people to the Greerton business area. The programme is varied and vibrant and I have no reason to doubt that it is successful in achieving its objective.

10. Other functions undertaken by GVCA include:
    - providing support for the local business community through networking opportunities;
    - advocacy in relation to matters that it regards as impacting on the success of the Greerton business area; and
    - marketing the centre on behalf of the business community

11. The GVCA representatives indicated that the following changes would aid the success of their organisation:
    - having a position within TCC that had meaningful responsibility for successful mainstreets relationships and who was the primary point of contact for the mainstreet organisations; and
    - having improved communication from TCC.

Mainstreet Tauranga

12. The current agreement for the delivery of mainstreet services has been in place since 1 July 2009. Funding of $353,000 from targeted rates was provided by TCC under the agreement for the year ended 30 June 2021.

13. Mainstreet Tauranga (MT) contracts to Tuskany Agency for the day-to-day management and delivery of the mainstreet programme in Downtown Tauranga. The Tuskany Agency Manager reports to the Board of MT. The MT programme is on a greater scale than the other mainstreet organisations and involves a range of events and promotions designed to attract people to the Downtown business area. The programme is varied and vibrant and I have no reason to doubt that it is successful in achieving its objective.

14. Other functions undertaken by MT include:
    - activating vacant spaces within the CBD:
    - providing support for the local business community through networking and training;
    - advocacy in relation to matters that it regards as impacting on the success of the Tauranga CBD;
    - marketing the CBD; and
    - acting as a conduit between CBD businesses and TCC

    Historically MT has also operated a shuttle service for cruise liner passengers although that is currently in abeyance due to the effects of the COVID-19 pandemic.

15. The MT representatives indicated that the following changes would aid the success of their organisation:
    - TCC recognising the productive and effective role MT has as a stakeholder and partner in the revitalisation of the city centre;
    - TCC Involving MT at the formative stages of city centre strategy development;
    - TCC allowing MT to effectively participate as part of the stakeholder team tasked with revitalising the city centre. Priority One for economic Development, Tourism BOP for tourism development and Mainstreet Tauranga for creative delivery, events, member representation, advocacy and city centre marketing;
    - appointing an active, informed and engaged representative at Council to work in partnership with MT.

Mount Business Association

16. The current agreement for the delivery of mainstreet services has been in place since 1 July 2009. Funding of $188,000 from targeted rates was provided by TCC under the agreement for the year ended 30 June 2021.

17. The Mount Business Association (MBA) employs an operations manager that reports to the Chairperson of the Board and who is responsible for the day-to-day delivery of the mainstreet programme in Mount Maunganui. Two other staff, who undertake destination marketing and street maintenance respectively, report to the operations manager.

18. The following are the vision and core purpose statement of Mount Business Association (MBA)**:**

    "Our vision is to help create a unique and lively downtown that enriches the business community, embraces history, celebrates the arts, preserves our natural environment and promotes quality events to instill a 'sense of place' in our community"

    "To successfully create a unique and vibrant atmosphere in Mount Mainstreet and deliver a diverse range of opportunities to the doors of our members. To foster and promote generally the welfare of the business community of Mount Maunganui, and to provide a forum for networking and collaboration of members"

19. This review is not an assessment of the performance of the individual mainstreet organisations but it does seem that MBA has been relatively inactive over the last year or so compared to the other organisations. For example, the report that was presented to TCC for the six months to 31 December 2020 indicated that there had not been any events (other than the farmers market) or other significant activities undertaken by MBA during that period. However, under the leadership of a motivated new Chair, there is significant effort being made to rebuild MBA into the organisation that is described in the vision and core purpose statement. The focus of the rebuilding is initially on events, space activations and business networking.

20. Key issues raised by the MBA representative were:
    - the apparent lack of accountability being imposed on MBA by TCC to ensure that there is value for money being achieved from the public funding of the organisation;
    - the need for there to be business plan objectives agreed with TCC each year for the mainstreet organisations to meet each year;
    - TCC involvement in the governance of the mainstreet organisations would be valued; and
    - there needs to be a single point of contact at TCC who is responsible for managing the relationship with the mainstreet organisations and who has the capacity to carry out the accountability oversight that is required.

Papamoa Unlimited

21. The current agreement for the delivery of mainstreet services has been in place since 1 July 2014. Funding of $50,000 from targeted rates was provided by TCC under the agreement for the year ended 30 June 2021.

22. Papamoa Unlimited (PU) is managed by a volunteer Chair and engages a contractor to assist with the running of events. The sole focus of PU is to hold three to four community events each year. An element of each event occurs within the Papamoa business area and as such attracts people to that location and in doing so, promotes the business area as well as the vibrancy of Papamoa

generally. I have no reason to doubt that it is successful in achieving its objective.

23. The PU representative did not identify any particular desired change to the way the existing relationship works.

Measuring the success of the programmes

24. There is little doubt that well run mainstreet programmes make a worthwhile contribution to the vibrancy of the city and town centres and add value to the community generally. They bring people to the town centres through events and promotions; they play a role in placemaking; they facilitate the involvement of business people in decision making by acting as a conduit to and from the Council; and they strengthen the business sector through collaboration. However, it is difficult to measure the outcomes achieved by the mainstreet programmes in economic terms meaning that generally only anecdotal and informal measures of success are available. Informal measures include things such as the estimated number of people attending events, surveys of retailers to determine if customer foot traffic or turnover was improved by events and promotions etc. Although informal, these indicators are still useful provided they are objective.

25. Another way of considering success is to think about what would be lost if the mainstreet programmes were not in place. Who would put on the events previously delivered by the mainstreet organisations? What are the impacts on communication if an important conduit to and from business communities no longer exists? What is the value to TCC in having location specific representative business organisations in place? How is the contribution to local placemaking replaced? Who would promote and advocate for the town centres?

26. Perhaps the most meaningful measure of success that is available to the Council is the opinion of those paying the targeted rates that fund these programmes. Who could be better placed to have an informed view on the value of mainstreet programmes than those who pay for them. Periodic surveys of the opinion of these people would be valuable.

27. If more demonstrative evidence of success is desired, there are technologies available to do things such as measure pedestrian traffic, analyse local spending data, or analyse cellular network geo-data. These tools may be able to assist in measuring the success of individual mainstreet events but a thorough investigation of cost versus benefit would need to be undertaken before deciding to employ any of these technologies.

Strategic alignment

28. With the exception of the City Centre Strategy 2012, I have not been able to identify any TCC strategies or other guidance documents to use as the basis of consideration of the strategic alignment between TCC and the mainstreet organisations. That strategy is only relevant to Mainstreet Tauranga (MT).

29. The City Centre Strategy is relevant to MT to the extent that its vision is to the effect of wanting to create a thriving commercial centre. The 2012 strategy does contain reference to MT as having a role in various action plans. My interpretation of the strategy is that you could best describe the MT role as a key stakeholder rather than a key partner in the delivery of the strategy. However, the strategy is now 9 years old and its relevance and currency suffers from this. It is currently undergoing review which is expected to be completed around the end of this

year. The staff involved in developing the new strategy indicate that the likely role of TM will continue to be as a key stakeholder and that it is possible that specific actions will again be assigned to it in action plans to implement the strategy.

30. To the extent that the City Centre Strategy 2012 continues to be relevant, the endeavours of MT seem to be well aligned with the Council's strategic direction.

Accountability

31. I got the impression from some of the mainstreet representatives that I met, that they regarded TCC's role in funding their organisations as being akin to a membership levy collection agency function. The way the current agreements are worded probably doesn't help in that regard. The reality, of course, is that the Council is setting a targeted rate to fund the mainstreet services and is accountable for the use of those rates to the same extent as it is for any other rates that it sets. In effect the Council is giving grants to the mainstreet organisations each year.

32. The agreements set out an annual structure of accountability that is described below:
    - by 1st December, the mainstreet organisations advise TCC of the level of targeted rates funding that they are seeking for the following year. The funding request must be accompanied by verified minutes from the Board meeting (or AGM) at which the request was approved;
    - by 30th June, the mainstreet organisations provide TCC an annual business plan for the year ahead;
    - the mainstreet organisations provide TCC with six monthly reports setting out their achievements and financial information;
    - the mainstreet organisations provide TCC with audited financial accounts by 30 September;
    - meetings are held between the mainstreet organisations and a TCC staff member to discuss issues such as performance, effectiveness, service quality and cost, twice a year.

33. I have not carried out a detailed audit of the extent to which the elements of the current accountability regime occur in practice but based on discussions with staff and stakeholders and representative documents that I have seen, application of the regime is weak. Specifically:
    - annual business plans are not provided by the mainstreet organisations seemingly because they are not requested to do so by TCC. This is substituted by a brief commentary on the six months ahead that is provided as part of the six monthly reports. This is not an adequate substitute for a business plan;
    - presentation of the six monthly reports to the governance arm of TCC is accompanied by only basic TCC officer reporting which seems not to contain any qualitative commentary on the performance of the mainstreet organisations or on the adequacy of information provided;
    - one of the mainstreet organisations has not submitted audited financial reports since the 2018 financial year without any consequence;
    - I understand that the regular meetings with the mainstreet organisations are more perfunctory in nature than fulfilling the purpose contained in the agreements.

34. I would expect to see the following elements in a good accountability regime for externally provided mainstreet services:

Accountability element	Comments
A mechanism for ensuring strategic alignment of direction between the mainstreet organisations and TCC	A three yearly letter of expectation from TCC coinciding with the LTP cycle would be adequate in the absence of any express guiding policy being in place. An alternative would be a statement of intent approach but that may be more than is required for the scale of operation.
Submission of an annual business plan by the mainstreet organisations at the same time that funding is requested.	This will enable TCC to make a "value for money" judgement when it considers the request for funding.
Six monthly reporting by the mainstreet organisations against the business plans.	As is required by the existing agreements but this needs to be accompanied by a robust qualitative TCC process for assessing and considering these reports.
Provision of audited financial statements	As is required by the existing agreements but this needs to be accompanied by formal oversight of these reports, perhaps as part of one of the six monthly reporting rounds.
Scheduled meetings between the mainstreet organisations and TCC	As is required by the existing agreements.

35. This proposed accountability regime is proportionate to the amount of funding that is being provided by TCC and I recommend its implementation. Perhaps the most important element of any accountability regime, including this one, is the need to actively implement it. The ability to actively implement it is dependent on their being a resource within TCC that is charged with responsibility for making this happen. Options around this are dealt with later in this report.

Mainstreet models

36. Mainstreet programmes in New Zealand most commonly have structures and structural relationships that are generally similar to the model that exists in the four locations across Tauranga. This does not mean that they are all identical. Successful mainstreet programmes seem to have the following common characteristics:
    - they are business community led;
    - the objectives of the mainstreet organisations and the local council align in relation to their vision for their business areas;
    - there is strong collaboration between the mainstreet organisations and the local council;
    - the local council is a significant funder.

37. In Whanganui, the model is similar to that described in the preceding paragraph except that oversight of the programme is undertaken by the Regional Development Agency rather than directly by the local council. TCC could consider requesting Priority One to have oversight of the local mainstreet programmes. There has already been examples of Mainstreet Tauranga working with Priority One on individual projects such as activating vacant commercial spaces in the CBD. However, my view is that such an arrangement is unlikely to work well as the focus of Priority

One is and the mainstreet organisations are very different. Priority One has a focus on promoting a sustainable long term prosperous economy for Tauranga across a wide range of business sectors, of which the retail sector is a relatively small part. By comparison the mainstreet organisations have a much more immediate, detailed and operational focus on their respective areas. Opportunities will continue to arise for inter-agency cooperation on specific programmes and in my opinion that is the appropriate relationship between Priority One and the mainstreet organisations.

38. In a small number of locations, local councils employ staff to deliver town centre revitalisation working closely with their business sector but these are not Mainstreet projects in the true sense of the words. Some areas that have this model include New Plymouth, Whangarei and Rotorua. This model can achieve results such as Eat Street in Rotorua although that example is more in the nature of the city centre place making work that is already undertaken by TCC outside of the mainstreet programme framework.

39. My view is that neither the in-house model nor the outsourced oversight model are likely to produce better outcomes than the current business community led approach that is in place with direct oversight by TCC. It is this involvement of the local business community that is at the heart of the success of mainstreet programmes as the business community is genuinely invested in achieving successful local outcomes and is likely to have better knowledge of many of the business drivers of that than does TCC.

Arrangement of responsibility within Tauranga City Council

40. At the present time multiple positions within the TCC organisation have a role in the interface with the mainstreet organisations but no single position has primary responsibility for managing the relationship and for championing TCC collaboration to aid the success of the mainstreet programmes. This issue was identified as a major issue that needed to be resolved by most of the mainstreet representatives that I met with.

41. The positions within TCC that currently have roles in the interface with the mainstreet organisations (other than responding to routine service requests) are:

    - **Project Tauranga Manager, Community Partnerships Division**
      The position holder is currently the main point of contact with the mainstreet organisations. The role is more administrative in nature than promoting the success of the mainstreet programmes. Responsibilities include coordinating the reporting requirements of the agreements and presenting these to the TCC governing body but not qualitatively assessing these reports. The mainstreet function does not form part of the position description for this role. At the present time the position holder estimates that he spends up to 80 hours per year performing this function.

    - **Strategic Advisor, Strategy & Corporate Planning Division**
      This position has a role in economic development policy and strategy formulation and in managing the relationship with Council's outsourced economic development partners. The mainstreet relationship function does not form part of the position description for this role.

- **Manager, Planning and Design, Spaces and Places Division**
  This position has a role in a functional sense because of the complementary placemaking roles played by the mainstreet organisations and TCC. The mainstreet relationship function does not form part of the position description for this role.

- **Manager, Venues and Events, Community Services Group**
  This position has a role in a functional sense because the mainstreet organisations are significant deliverers of events within the city. The mainstreet relationship function does not form part of the position description for this role.

42. Of the positions identified in the preceding paragraph, the latter three are not logical locations for the relationship management function to be located. The success of the mainstreet programmes is not sufficiently aligned with the core functions of those roles. The Community Partnerships Division, within which the Project Tauranga Manager position is located is more closely aligned. However, the Project Tauranga Manager does not have capacity to have a greater focus on the mainstreet programmes than the role currently performed by him, which, in reality is a "tack on" to the core responsibilities of his position.

43. My opinion is that the Community Partnerships Division of the Community Services Group, is the appropriate organisational location for the mainstreets function. A comparison can be made with the CCO relationship role that is already located within that division. Although different in scale, the CCOs and the mainstreet organisations are similar in that they are both examples of the outsourcing of functions that are funded by TCC to partner organisations and would most likely be directly provided by TCC in some form, if the outsourcing arrangements were not in place.

44. Accordingly, I propose that responsibility for championing the success of the mainstreet programmes and managing the relationship with the mainstreet organisations be located within a role in the Community Partnerships Division. I estimate that to effectively manage relationships, actively monitor the accountability regime and undertake meaningful reporting to the governing body a .2 FTE position is required. If providing that .2 FTE capacity requires the establishment of a new role, I suggest that it be linked with the existing CCO Specialist role due to the commonality of function.

Max Pedersen
28 October 2021

Appendix 1.

Terms of Reference

Review of the delivery of mainstreet programmes within Tauranga City

Objectives

1. To review the way and the extent to which, Tauranga's mainstreet programmes (CBD, Mount Maunganui, Greerton and Papamoa) contribute to the creation of thriving town centre business districts within the City.
2. To review the strategic alignment between the mainstreet programmes and Tauranga City Council's (TCC) existing policies and priorities.
3. To review the way TCC currently arranges organisational responsibility for creating thriving town centre business districts, both in respect of direct service provision and through its partnerships with external organisations.
4. To identify and recommend changes to existing arrangements, if any, that are expected to drive improved outcomes for retail centres.

Context

5. The current agreements for the delivery of mainstreet obligations have been in place for many years: *Mainstreet Tauranga Incorporated* and *Mount Mainstreet* since 2010; *Greerton Village Community Association* since 2011; and, *Promote Papamoa Incorporated* since 2014 (collectively the mainstreet organisations). The objectives of the agreements are general in nature and provide only limited guidance on the outcomes and outputs that are sought by the Council from implementation of the agreements.
6. The mainstreet organisations are primarily funded through a TCC targeted rate over the properties within each mainstreet organisation's respective business district. The businesses located on these properties are regarded by the mainstreet organisations as the members of their respective organisations. The level of rates is based on proposed budgets and programmes submitted by the mainstreet organisations. Performance against budgets and proposed programmes is reported to the Council twice per year.
7. The mainstreet programmes involve a range of activities that are designed to attract people to their respective areas. The success of these is reported to the Council at an activity output and outcome level. However, TCC holds little evidence about the level of contributory influence that these activities have on achieving the overall desired outcome of creating thriving business districts.
8. There has not been any comprehensive review of the delivery of mainstreet programmes and their effectiveness since the current agreements were entered into.
9. Responsibility for the various aspects of creating thriving town centre business districts is currently fragmented within the TCC organisation, which may not aid the achievement of optimal outcomes.

Scope of work

10. The appointed consultants are to consider and report on:

a. the extent to which the objectives and performance of the mainstreet organisations are strategically aligned with TCC's existing policies and priorities;
b. the clarity and adequacy of the accountability regime that exists between TCC and the mainstreet organisations;
c. other partnership models employed for strengthening the vibrancy and economic health of town centre business districts in New Zealand, including mainstreet programmes, and their potential advantages and disadvantages when compared to the status quo; and
d. how responsibility for creating thriving town centre business districts is currently arranged within TCC and the advantages and disadvantages of other potential arrangements.

11. The consultants will seek input to the review from a range of external stakeholders. These will include but not be limited to:

a. *Mainstreet Tauranga Incorporated*;
b. *Mount Mainstreet;*
c. *Greerton Village Community Association;*
d. *Promote Papamoa Incorporated;*
e. Priority One;
f. *Tourism Bay of Plenty; and*
g. *Tauranga Chamber of Commerce.*

Deliverables

12. A report setting out and evaluating the issues and options that are identified for the purposes set out in the objectives and scope of work contained in this Terms of Reference.
13. Recommendations in respect of changes, if any, that are proposed, together with guidance on resource requirements and implementation in relation to any such recommendations.

Timelines

14. The review is expected to commence immediately after these Terms of Reference are finalised. A detailed timeline for completion of the review will be determined at that time.

Appendix 2.

People interviewed

Tauranga City Council:
Gareth Wallis
Ross Hudson
Carl Lucca
Michael Vujnovich
Jeremy Boase
Doug Spittle
Anne Blakeway
Jenna Quay
Nelita Byrne

External
David Hill, Papamoa Unlimited
Sue Blomquist, Greerton Village Community Assn
Sally Benning, Greerton Village Community Assn
Brian Berry, Mainstreet Tauranga
Sally Cooke, Mainstreet Tauranga
Kim Renshaw, Mount Mainstreet
Matt Cowley, Tauranga Chamber of Commerce
Oscar Nathan, Tourism Bay of Plenty
Nigel Tutt, Priority One
Cheryl Steiner, Consultant involved in development of the TCC events strategy

Acknowledgement of specialist input
Consultant Karen Remetis, has provided valuable specialist input to this review based on her experience and expertise relating to the delivery of mainstreet functions within New Zealand.

Appendix 3.

Agreement between TCC and Greerton Village Community Association