



MINUTES

**Ordinary Council meeting
Monday, 21 February 2022**

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**MINUTES OF TAURANGA CITY COUNCIL
ORDINARY COUNCIL MEETING
HELD AT THE BAY OF PLENTY REGIONAL COUNCIL CHAMBERS, REGIONAL HOUSE,
1 ELIZABETH STREET, TAURANGA
ON MONDAY, 21 FEBRUARY 2022 AT 10AM**

PRESENT: Commission Chair Anne Tolley, Commissioner Shadrach Rolleston,
Commissioner Stephen Selwood, Commissioner Bill Wasley

IN ATTENDANCE: Marty Grenfell (Chief Executive), Tony Aitken (Acting General Manager: People & Engagement), Paul Davidson (General Manager: Corporate Services), Barbara Dempsey (General Manager: Regulatory & Compliance), Nic Johansson (General Manager: Infrastructure), Christine Jones (General Manager: Strategy & Growth), Gareth Wallis (General Manager: Community Services), Jeremy Boase (Manager: Strategy and Corporate Planning), Andrew Mead (Manager: City and Infrastructure Planning), Alastair McNeil (Manager: Legal and Commercial), Ceilidh Dunphy (Community Relations Manager), Tracey Hughes (Financial Insights & Reporting Manager), Kathryn Sharplin (Manager: Finance), Ben Corbett (Team Leader: Growth Funding), Ana Blackwood (Development Contributions Policy Analyst), Malcolm Gibb (Project Manager – Rating Review), Jim Taylor (Transactional Services Manager), Frazer Smith (Manager: Strategic Finance & Growth), Mike Naude (Programme Manager - Civic Redevelopment Projects), Coral Hair (Manager: Democracy Services), Robyn Garrett (Team Leader: Committee Support), Sarah Drummond (Committee Advisor), Anahera Dinsdale (Committee Advisor)

1 OPENING KARAKIA

Commissioner Shad Rolleston opened the meeting with a karakia.

2 APOLOGIES

Nil

3 PUBLIC FORUM

Nil

4 ACCEPTANCE OF LATE ITEMS

Nil

5 CONFIDENTIAL BUSINESS TO BE TRANSFERRED INTO THE OPEN

Nil

6 CHANGE TO THE ORDER OF BUSINESS

The transfer of the Infrastructure Funding and Financing proposals paper from the open to public excluded agenda for the meeting was noted, with the paper to be considered in public excluded session for the reason of ongoing commercial negotiations with Crown partners. The paper would be included in the open session of the next Council meeting.

7 CONFIRMATION OF MINUTES

Nil

8 DECLARATION OF CONFLICTS OF INTEREST

Nil

9 DEPUTATIONS, PRESENTATIONS, PETITIONS

Nil

10 RECOMMENDATIONS FROM OTHER COMMITTEES

Nil

11 BUSINESS

11.1 Draft Annual Plan 2022/2023

Staff Kathryn Sharplin, Manager: Finance

Key points

- The draft budget was previously presented in December. There was a 13% overall rates rise proposed; the 12% rise indicated in the Long-term Plan was based on a 2.9% inflation assumption.
- Subsequent decisions made on items to include in the budget had been taken into account; the deliverability of capital projects had been reviewed and any re-costing required considered.
- Noted the reduced capital programme delivery figure for 2022/23.

In response to questions

- The 76/24 split between the residential and commercial sectors was retained; however, that split would not necessarily be retained for ever. This should be clearly signalled to the commercial sector.
 - Very few charges were taking into account the current rate of inflation therefore costs were moving into rates. Water rates had allowed for an increase above the rate of inflation but were still below other metro water charges. If charges did not keep up with inflation, then a gap was created which a future council would need to address with a big jump in fees. Important to keep an overall balance so that fees and charges did not require a top up from general rates.
 - \$55m had been moved into the subsequent financial year for capital delivery. The difficulty of forecasting the cash flow for land purchases was noted; it was treated almost like a holding fund which was adjusted as necessary between financial years.
 - External funding would be sought for Omanawa Falls development with the budget adjusted as funding was achieved.
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RESOLUTION CO3/22/1

Moved: Commissioner Bill Wasley

Seconded: Commissioner Stephen Selwood

That the Council:

- (a) Receives the report 'Draft Annual Plan 2022/2023'.

CARRIED

Report recommendations (b) – (d) were left to lie until the end of meeting to allow the inclusion of any changes made to budget figures during the meeting. The following resolutions were put after consideration of the other meeting business:

RESOLUTION CO3/22/2

Moved: Commissioner Shadrach Rolleston

Seconded: Commissioner Stephen Selwood

That the Council:

- (b) Approves the 2022/23 capital programme of \$304 million.
- (c) Approves the high-level financials in this report as the baseline for the draft 2022/23 Annual Plan with an overall rate increase of 13% after growth, subject to confirmation of user fees including volumetric water charges.
- (d) Resolutions (b) and (c) be reflected in a draft Annual Plan Consultation Document for approval by Council on 24 March 2022.

CARRIED

11.2 2022/2023 - Draft User Fees and Charges

Staff Kathryn Sharplin, Manager: Finance

Key points

- The rising rate of inflation would put pressure on the cost of activities. The large activities that had most impact had been closely considered with proposed significant fee increases for the airport and car parking activities.
- Factoring in a higher inflation rate assumption e.g. 5% could be considered.

In response to questions

- The marginal increases of Beachside Holiday Park fees were noted; some charges such as the peak time charge for cabins seemed relatively low. Fees would be reconsidered and reported back at a subsequent meeting.
 - Building inspections were charged out on a 0.75 hourly rate as the average inspection took 45 minutes.
 - An across-the-board review of proposed fees and charges in terms of the current rate of inflation was suggested. Likely only a modest impact on revenue but noted the principle of fees keeping pace with inflation.
 - Noted that Tauranga City Council water rates were significantly less than those charged in other cities; given the city's need for water restrictions, a progressive increase in water charges was suggested. Options of rainwater/stormwater collection could be considered but the bottleneck had generally been with provision of treated water back to the city rather than collection of water; however, with the recent decline in source streams, a wider review of water demand and supply was being undertaken jointly with Western Bay of Plenty District Council and Bay of Plenty Regional Council. Water provision needed to be considered in terms of sustainability as well as from an engineering perspective.
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RESOLUTION CO3/22/3

Moved: Commissioner Bill Wasley

Seconded: Commissioner Shadrach Rolleston

That the Council:

- (a) Receives the report, 2022/2023 - Draft User Fees and Charges.
- (b) Leaves the approval of the draft user fees and charges (as set out in Attachment 1) for inclusion in the supporting information for consultation on the 2022/23 Annual Plan to lie until the subsequent Council meeting on 28 March 2022.

CARRIED

11.3 Proposed 2022/23 Development Contributions Policy

Staff Andrew Mead, Manager: City and Infrastructure Planning
Ana Blackwood, Development Contributions Policy Analyst

Key points

- The report outlined proposed changes to the Development Contributions Policy; the policy would come back to Council in March for adoption for consultation.
- There were minor changes to local development contributions and more significant changes to citywide development contributions, due to development contributions now being able to be collected for several types of community facility infrastructure.
- A 15% increase in citywide development contributions was proposed; this was significant but slightly less than had been signalled to the development and building sectors.

In response to questions

- The policy aimed to provide equity regarding who paid for what in the city, and to ensure that growth paid for growth as much as possible.
 - Risks around the rising cost of projects was being mitigated with increased risk and contingency allowances in the capital project costing model; only foregone costs could not be recovered, as soon as updated project costs were received then development contributions could also be updated. Staff were confident that the project management structure and framework being established was as robust and disciplined as possible; while not a safeguard as such against increased costs it provided a good framework for analysis and review. Any material changes would come back to Council, particularly around cost increases.
 - West Bethlehem development contributions were subsidised to provide certainty to the market and to ensure development was enabled; development contributions were a significant barrier for multi-owned Māori land.
 - Clarification was provided around Council's ability to collect development contributions on reserves developed due to intensification and upgrading amenity such as trees and green spaces.
 - National averages were taken into account when levels of service figures were determined for development of community facilities. Growth should only pay for a portion of growth – the need to be very clear on the apportionment and calculations of level of service to ensure integrity and transparency in collection of appropriate development contributions was noted.
 - Clear and comprehensive communication was required with developers, builders and home buyers. A monthly newsletter was sent out by council's planning team to planners and developers which they were encouraged to share with prospective customers. There had been direct communication with some building companies; social media had also been utilised to try to bring possible costs to the attention of people considering building.
 - The Annual Plan consultation document would include a section on future changes to the policy.
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Discussion points raised

- The commissioners noted the thoroughness and readability of the report.

RESOLUTION CO3/22/4

Moved: Commissioner Bill Wasley

Seconded: Commissioner Stephen Selwood

That the Council:

- (a) Receives this report; and
- (b) Approves the proposed changes to the operative Development Contributions Policy and incorporate changes into the Draft 2022/23 Development Contribution Policy for public consultation.

CARRIED

11.4 Annual Plan - Rating Policy Proposals

Staff Paul Davidson, General Manager: Corporate Services
Malcolm Gibb, Project Manager – Rating Review
Jim Taylor, Transactional Services Manager
Kathryn Sharplin, Manager: Finance

External Fraser Colegrave, Insight Economics

Tabled Document 1.

Key points

- An increase in commercial rates would be phased in over a two-year period. This was based on the analysis of transportation costs undertaken by Insight Economics, and would bring the rates allocation into line with the 50/50 benefit split of transportation between the commercial and residential sectors.
- The commercial ratepayer group spanned a wide variety of business interests; however, there was not significant enough variation within the commercial category to justify splitting up the rate more than simply between residential and commercial. Noted the need to adjust the balance between commercial and residential to reflect percentage generation of daily and peak hour trips.

In response to questions

- The increase in commercial rates tried to obtain equity between who paid for what benefits in the community and had been signalled strongly to the commercial/business sector during the previous year's Long-Term Plan consultation. Transport was a key driver of costs.
 - Trip data used was from the latest publicly available New Zealand dataset.
 - Assessment was based on primary trips with diverted trips discounted. Noted that retail trips were often done as part of a trip somewhere else e.g. en route to work and, in that situation, had not generated any additional trips.
 - Future changes should also be signalled/discussed in the Annual Plan consultation document.
 - Supported the phasing proposal and emphasised the need to be cognisant of the impact of business. There was a need to redress the balance as quickly as possible while recognising the current challenging business environment.
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RESOLUTION CO3/22/5

Moved: Commissioner Bill Wasley

Seconded: Commissioner Stephen Selwood

That the Council:

- (a) Receives the report Annual Plan – Rating Policy Proposals; and
 - (i) Approves the recommendation that Option 2 be included in the 2022/23 Draft Annual Plan to initiate the change for the commercial and industrial sector to contribute a higher share of the rate funding for the transportation activity
 - (ii) Approves the recommendation that Option 2 takes full effect by 2023/24 so the commercial and industrial general rate differential moves to 1.9 in 2022/23 and then to 2.13 in 2023/24 and for the transportation targeted rate differential to move to 3.33 in 2022/23 and then 5 in 2023/24.
 - (iii) Acknowledges staff will continue to look at further options for the appropriate rating of the commercial and industrial sectors.

CARRIED

11.5 Long-term Plan Amendment Update

Staff Kathryn Sharplin, Manager: Finance

Key points

- This was an umbrella report that provided a wider context for the Long-term Plan Amendment (LTPA), and related primarily to relevant financial information: reduction of the capital programme in 2022/23; civic precinct decisions; possible impacts of the Infrastructure Funding and Financing work; additional grant funding; asset realisation and the Waka Kotahi subsidy. Draft detailed financials would be reported to Council at the 28 February Council meeting.

In response to questions

- The LTPA covered several significant changes to what was consulted on and included in the previous year's Long-term Plan.
 - The proposed rebuild of the civic centre was significant and would provide a focus and heart for the city while recognising the history of the site; however, the proposal was different to what had been consulted on and needed to be put back to the public for consideration.
 - The LTPA would signal to the community that Council was having discussions on alternative funding possibilities such as Crown funding, and was also considering selling some council assets e.g. marine precinct, car parking buildings.
 - Three Waters reform was included, based on an assumption of ownership of those assets remaining with TCC.
 - Cameron Rd costs had increased significantly, with no commitment of Crown funding at this stage. Noted that the benefits of the outcome did not change based on source of funding. The broader benefits to the community of the Cameron Rd works should be considered; in particular, the intensification of Te Papa and the increased growth in Tauriko with the associated vehicle use of SH29. There was a need to convert people out of cars into viable public transportation.
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RESOLUTION CO3/22/6

Moved: Commissioner Bill Wasley

Seconded: Commissioner Shadrach Rolleston

That the Council:

- (a) Receives the report.
- (b) Agrees that the Long-term Plan Amendment preferred option for consultation will include:
 - (i) The LTPA preferred option for the Civic Precinct (Te Manawataki O Te Papa)
 - (ii) Additional financial options to be finalised in the Council meeting of 28th February including a potential Infrastructure Funding and Financing (IFF) levy for the Transport System Plan (TSP) and Tauriko West
 - (iii) Further work to support sale of the Marine Precinct and Elizabeth Street and Spring Street Carparks, noting that no adjustment has been made to budgets pending further analysis and decisions around user fees.
 - (iv) Grant funding levels as proposed for the Civic Precinct report on this agenda, with additional risk analysis around lower grant funding levels completed
 - (v) NZTA funding assumed at full subsidy for core IFF projects but with some risk analysis around wider TSP programme
 - (vi) Include as a reduction in debt the proposed government grant to councils for better off funding of \$48m proposed as part of three waters reform
 - (vii) The assumption remains within the LTPA that council will retain ownership of three waters infrastructure assets
 - (viii) A review of capital programme delivery timeframes and significant known cost changes.

CARRIED

11.6 Civic Precinct Options for Long Term Plan 2021-31 Amendment Consultation

Staff Marty Grenfell, Chief Executive
Christine Jones, General Manager: Strategy and Growth
Gareth Wallis, General Manager: Community Services
Paul Davidson, General Manager: Corporate Services
Mike Naude, Programme Manager - Civic Redevelopment Projects

Key points

- The civic precinct development was a \$303m project and was the largest programme of capital work that Tauranga would see for city amenities for some time.
 - The draft masterplan for the precinct had been adopted by the Commissioners. Further information was provided on funding, financing, delivery and timing of development of the whole civic precinct.
 - The background to the development of a city centre strategy was outlined. A museum was a key part of the initial strategy; this strategy had been reflected in ongoing strategic initiatives both sub-regionally and for the city. The civic precinct was a key part of inner-city revitalisation and would create a centre point for the city.
 - Tauranga was in community amenity catch-up mode following a history of under-investment. Outlined the function, ideals and purposes of the separate key components on Site A – a civic whare, library and community hub, museum and exhibition centre, an upgraded and modernised Baycourt, civic plaza spaces including upgrading Masonic Park. Site B, which
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contained a performing arts centre and a hotel/conference facility, would be privately developed. Site C comprised the waterfront area with a new wharf, an upgraded playground and links with other parts of the city e.g. Memorial Park. Highlighted the importance of the three sites linking and supporting each other in terms of functionality and development.

- The report recommended a single stage phased project, with the bulk of the project delivered within six years, starting with the library and community hub. The expertise of the design and delivery teams would be retained if framed as one phased project, project delivery would be faster and costs and site services would be rationalised.
- The project allowed for \$150m of TCC debt; other funding was expected from government sources, asset realisation and application of three waters funding. Impact on rates was a 0.7% rates increase.

In response to questions

- If external funding was not forthcoming the scope and delivery of the project could be reviewed and reset as necessary. There would be checkpoints along the way which would be a stop or go assessment for each component of the precinct.
- Using a single stage phased project delivery framework would attract developers and contractors that would not necessarily be interested on a project by project basis. Development of the civic precinct would provide wider economic stimulus for the city e.g. attraction of conferences.
- Need to have conversations with the community about the ongoing operational costs as well as the capital costs.

Discussion points raised

- Determination to give the city the heart it deserves and needs, was an enormous opportunity for the city of Tauranga.

RESOLUTION CO3/22/7

Moved: Commissioner Bill Wasley

Seconded: Commissioner Stephen Selwood

That the Council:

- (a) Receives the report 'Civic Precinct Options for Long Term Plan 2021-31 Amendment Consultation'.
 - (b) Agrees to consult on the following options regarding the future of the civic precinct, via the Long-Term Plan 2021-31 Amendment consultation process.
 - Option One: Te Manawataki O Te Papa (Civic Precinct) Masterplan (Refreshed 2021) at an estimated capital cost of \$303.4 million.
 - Option Two: Civic precinct projects and services currently included in the LTP 2021-31 (modified status quo option with updated costings) at an estimated capital cost of \$126.8 million.
 - (c) Approves Option One 'Te Manawataki O Te Papa (Civic Precinct) Masterplan (Refreshed 2021)' as the preferred option for Long Term Plan 2021-31 Amendment consultation.
 - (d) Approves \$600,000 of Te Manawataki O Te Papa operational costs in 2022/2023, to be loan funded over five years, including costs relating to the completion of business cases.
 - (e) Notes that, while future external funding is uncertain, it is Council's intention that no more than 50% of the financing for the preferred Option 1 project is via ratepayer-funded loan.
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- (f) Notes that staff will report back with a full cost refresh prior to the deliberations on the Long-Term Plan Amendment following the consultation process.

CARRIED

12 DISCUSSION OF LATE ITEMS

Nil

13 PUBLIC EXCLUDED SESSION

RESOLUTION TO EXCLUDE THE PUBLIC

RESOLUTION CO3/22/8

Moved: Commissioner Shadrach Rolleston

Seconded: Commissioner Stephen Selwood

That the public be excluded from the following parts of the proceedings of this meeting, with the exception of Sean Wynne, Crown Infrastructure Partners.

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
13.1 - TCC's Infrastructure Funding and Financing proposals - TSP and Tauriko West	s7(2)(i) - The withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

CARRIED

14 CLOSING KARAKIA

Commissioner Rolleston closed the meeting with a karakia.

The meeting closed at 1pm.

The minutes of this meeting were confirmed as a true and correct record at the Ordinary Council meeting held on 24 March 2022.

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CHAIRPERSON