



# AGENDA

## Ordinary Council meeting Tuesday, 24 May 2022

**I hereby give notice that an Ordinary Meeting of Council will be held on:**

**Date: Tuesday, 24 May 2022**

**Time: 9am**

**Location: Meeting Room 1  
Ground Floor  
306 Cameron Road  
Tauranga**

*Please note that this meeting will be livestreamed and the recording will be publicly available on Tauranga City Council's website: [www.tauranga.govt.nz](http://www.tauranga.govt.nz).*

**Marty Grenfell  
Chief Executive**

# Terms of reference – Council

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## Membership

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<b>Chairperson</b>	Commission Chair Anne Tolley
<b>Members</b>	Commissioner Shadrach Rolleston Commissioner Stephen Selwood Commissioner Bill Wasley
<b>Quorum</b>	<u>Half</u> of the members physically present, where the number of members (including vacancies) is <u>even</u> ; and a <u>majority</u> of the members physically present, where the number of members (including vacancies) is <u>odd</u> .
<b>Meeting frequency</b>	As required

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## Role

- To ensure the effective and efficient governance of the City
- To enable leadership of the City including advocacy and facilitation on behalf of the community.

## Scope

- Oversee the work of all committees and subcommittees.
- Exercise all non-delegable and non-delegated functions and powers of the Council.
- The powers Council is legally prohibited from delegating include:
  - Power to make a rate.
  - Power to make a bylaw.
  - Power to borrow money, or purchase or dispose of assets, other than in accordance with the long-term plan.
  - Power to adopt a long-term plan, annual plan, or annual report
  - Power to appoint a chief executive.
  - Power to adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the long-term plan or developed for the purpose of the local governance statement.
  - All final decisions required to be made by resolution of the territorial authority/Council pursuant to relevant legislation (for example: the approval of the City Plan or City Plan changes as per section 34A Resource Management Act 1991).
- Council has chosen not to delegate the following:
  - Power to compulsorily acquire land under the Public Works Act 1981.
- Make those decisions which are required by legislation to be made by resolution of the local authority.
- Authorise all expenditure not delegated to officers, Committees or other subordinate decision-making bodies of Council.
- Make appointments of members to the CCO Boards of Directors/Trustees and representatives of Council to external organisations.
- Consider any matters referred from any of the Standing or Special Committees, Joint Committees, Chief Executive or General Managers.



## **Procedural matters**

- Delegation of Council powers to Council's committees and other subordinate decision-making bodies.
- Adoption of Standing Orders.
- Receipt of Joint Committee minutes.
- Approval of Special Orders.
- Employment of Chief Executive.
- Other Delegations of Council's powers, duties and responsibilities.

## **Regulatory matters**

Administration, monitoring and enforcement of all regulatory matters that have not otherwise been delegated or that are referred to Council for determination (by a committee, subordinate decision-making body, Chief Executive or relevant General Manager).



## Order of Business

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- 1        OPENING KARAKIA**
- 2        APOLOGIES**
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- 4        ACCEPTANCE OF LATE ITEMS**
- 5        CONFIDENTIAL BUSINESS TO BE TRANSFERRED INTO THE OPEN**
- 6        CHANGE TO THE ORDER OF BUSINESS**

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## **7 CONFIRMATION OF MINUTES**

### **7.1 Minutes of the Council meeting held on 9 May 2022**

**File Number:** A13500871

**Author:** Robyn Garrett, Team Leader: Committee Support

**Authoriser:** Robyn Garrett, Team Leader: Committee Support

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### **RECOMMENDATIONS**

That the Minutes of the Council meeting held on 9 May 2022 be confirmed as a true and correct record.

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### **ATTACHMENTS**

#### **1. Minutes of the Council meeting held on 9 May 2022**

# **MINUTES OF TAURANGA CITY COUNCIL ORDINARY COUNCIL MEETING HELD ON**

**Monday, 9 May 2022 at 10am**      **Bay of Plenty Regional Council Chambers, Regional House, 1 Elizabeth Street, Tauranga**

**Wednesday, 11 May 2022 at 10am**      **Huria Marae, 1 Kaponga Street, Tauranga**

**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 (Acting General Manager: Community Services), Nic Johansson (General Manager: Infrastructure), Christine Jones (General Manager: Strategy & Growth), Steve Pearce (Acting General Manager: Regulatory and Compliance), Gareth Wallis (General Manager: Central City Development), Robyn Garrett (Team Leader: Committee Support), Sarah Drummond (Committee Advisor), Anahera Dinsdale (Committee Advisor), Janie Storey (Committee Advisor)

**Monday, 9 May 2022 at 10am**

## **1      OPENING KARAKIA**

Commissioner 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**

Nil

**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 Long-term Plan Amendment / Annual Plan 2022/23 - Hearings 9 and 11 May 2022****RESOLUTION CO8/22/1**

Moved: Commissioner Bill Wasley

Seconded: Commissioner Stephen Selwood

That the Council:

- (a) Receives the written submissions to the draft Long-term Plan Amendment and Annual Plan 2022/23.
- (b) Receives and accepts submission numbers 1189-1196 that were received after submissions closed at 5pm on 26 April 2022.
- (c) Receives verbal submissions to the draft Long-term Plan Amendment and Annual Plan 2022/23.

**CARRIED**

The following members of the public spoke to their submission to the draft Long-term Plan Amendment / Annual Plan 2022/23.

A copy of all presentations and documents tabled at the draft Long-term Plan Amendment / Annual Plan 2022/23 submission hearings can be viewed on Tauranga City Council's (TCC) website.

**(1) Submission 931 - George and Shirley Marriott****Key points**

- Concerned with costs to be incurred with development of Tauriko West, the destruction of quiet and rural amenity and the impacts on their property.
- Closure of PYO blueberry business, which was anticipated to be retirement income, as a result of the development.
- Would now have to try and recoup part of that income by selling part of land as residential sections.
- Noted that rates costs, Infrastructure Funding and Financing (IFF) levy costs and development contributions made it very hard and expensive to develop as a private landowner.
- Requested exemption from IFF levies and considered these should be borne by developers.



- Those that lose value from growth should not have to bear costs of that growth.
- Only recourse for them would be to sell sections as hundreds of homes were built around them.

**(2) Submission 472 - Raymond Ellis Lowe**

**Key points**

- Concerned with transportation within the city.
- Roading should be for ratepayers and not for private enterprise around the city as roads are becoming maxed out.
- The number of trucks was in the thousands every day and port expansion would continue to put more and more pressure on the roads.
- Council needed to be planning for this now, as the port could not help where it was located, but provision needed to be made for that expansion and the impacts it would create.
- Port needed to invest in the local road network and not rely on ratepayers.
- Suggested an inland port with rail carrying freight the rest of the way e.g., at Rangiora or at the base of the Kaimai Range.
- Maungatapu/Matapihi SH29A would be under pressure. Submitter considered that the Maungatapu bridge was precarious and the risk was increasing under pressure.
- People would still use vehicles so there was still a need for carpark buildings.
- Traffic to and from schools added hundreds of vehicles to the roads each day.

**In response to questions**

- Supported shifting a share of roading costs to the commercial sector.

**(3) Submission 1191 - Peter Cooney - Classics Group**

**Key points**

- Generally in support of IFF funding.
- Need full transparency of the information before anyone could give full commitment to the process.
- Had concerns that spending needed to be capped; concerned that there would be substantially increased costs of housing for prospective buyers.
- Needed to be methodology where costs could be recouped at a later stage over all sections developed.
- Commercial risk that this product may not be accepted by the market; some commercial developers had concerns. Had only been tested once in the market with Milldale which was capped at \$1000.

**In response to questions**

- Costs of financing impact on viability of IFF – if IFF not used and development contributions model used, that price was included in the price of the house which a buyer would need to cover in their mortgage.
- CPI of over 2% over a number of years could be an issue; this would be more acceptable in a rising market but not in a decreasing market.
- Concern that a huge number of developments would leave the city and go to fringe towns like Matamata as costs increased significantly.

**(4) Submission 445 - Nigel Tutt, Priority 1**

**Key points**

- CBD blueprint to be launched on what the city would look like in 2030, significant billions of investment involved. There would be many more people living, working and studying in the city.
- Council investment in the city centre was vital and would not be out of place.
- Any short term wins around the city centre would be good as civic precinct development was a long-term project.

- The plan needed to minimise disruption of development in the city centre as much as possible.
- Transport was vital for development and growth – there was work needed on ways roading network was developed.
- Transport System Plan (TSP) – look after and partner in the right way as it was important to deliver this large transport project.
- Funding – rates were a blunt mechanism. Important to develop better funding mechanisms that were more equitable to local businesses as not all commercial traffic was local, much of it came from outside the area.

**In response to questions**

- Talent was one of the largest challenges for the Tauranga economy, with current job growth forecasts and also an aging demographic.
- Sufficient attraction and retention plans were needed to be in place or would end up with funding for projects/development but no one to do the work.
- Tauranga was already behind on infrastructure and more spend needed to be applied; use of more funding mechanisms than rates.
- Consideration should be given to how to capture the road users that do not live here e.g., have a form of road user pricing that captured all users of the road network.

**(5) Submission 1194 – Norman Sutton****Key points**

- Challenges facing the city in terms of funding - rates increases would be a big issue for ratepayers, especially the aging population on fixed or limited income.
- Suggested rationalising governance across the city and the region by amalgamating the Tauranga and Western Bay Councils.
- What was good for Tauranga was also good for the wider Bay of Plenty and would provide better access to funding and leverage of the income from the Port to fund city projects.
- There was a need to get people out of cars by providing an efficient bus service, as it was currently very fragmented.
- Need to be able to capture people from Papamoa/Te Puke and a dedicated bus line through Matapihi. Would also need to provide park-n-ride facilities and Council should be securing land for those now.
- Could utilise a ferry service, especially for Omokoroa as an alternative to SH2. Also create a triangular link to Tauranga, Mount Maunganui and Omokoroa.
- Supported one person one vote and not sure that co-governance or the Three Waters reforms were appropriate mechanisms for Tauranga.
- Need for transparency in the city and a duty of care to provide full disclosure for all decisions made.

**In response to questions**

- Three Waters was a Government proposal through legislation, therefore Council had no choice, the change would be done to us. Ratepayers, through the councils, would still be owners of the assets.
- TCC would make a submission on the legislation. It would be a significant transition into any new entity.
- TCC have shared contracts with Western Bay of Plenty District Council (WBOPDC).
- Amalgamation may be considered as part of the future of local government reform process.
- 55% of Port of Tauranga was owned by Bay of Plenty Regional Council (BOPRC), 45% was listed publicly. TCC does not receive any dividend/income from the Port.

**(6) Submission 851 - Terry Molloy****Key points**

- Supported the concept of road pricing.
- Supportive of the work done by the Commission, and the two-year extension to 2024.
- Previous councils had not kept up with infrastructure and social infrastructure costs.
- Ratepayers did not have to pay for everything, suggestion to look at other funding mechanisms.
- Connection with the waterfront and acknowledgement of the importance of the coast and moana appreciated.
- Be mindful of impacts of development and growth on small businesses; make sure the foot count does not drop in the central city.
- Supports the Memorial Park walkway.

**In response to questions**

- Would like the museum to be on Cliff Rd though understand rationale for its proposed location.
- Council chamber should also be located in the civic precinct.

**(7) Submission 566 - Chris Pattison****Key points**

- Museum was an ill-conceived proposal and should not be located in the civic centre, it should be elsewhere.
- City centre design was ugly with no greening visible, and would not be attractive for families to come into.
- Suggested an architectural competition be held to get best design.
- Considered Three Waters money should not be used on the civic centre project and should be borne by the residents. Work within our means not max out with the cost.
- Agreed with the commercial rate increase proposal as it would bring the city on a level with other metro areas.
- Hard to understand the proposal for Tauriko without relevant maps available.
- Was a need to widen main roads and bridges and supported a Kaimai tunnel.
- TCC should have control over bus service; supported use of park-n-ride facilities.
- Concerned about spending priorities – how can you spend \$2m on a skate park rather than on tsunami sirens.
- Opportunity to benefit the city; but must be responsible with its spending.
- Noted the amount of vandalism on the buses.

**In response to questions**

- Three Waters money was not from selling the assets, it was an offer from the government regardless of whether councils agreed with the reforms.
- Three Waters was a Government proposal through legislation which was yet to be seen. Council had no choice, the change would be done to us. Ratepayers, through the councils, would still be owners of the assets.
- Many of the city's roads were owned by the Crown. The Commission was working with central government regarding road developments in the city.
- All Commissioners understood how growth had impacted the city, and how the development of the city centre would affect the whole city.

**(8) Submission 581 - Colin Lawrence - Residents Group of Springfield in Hairini****Tabled document****Key points**

- The road resurfacing policy of a single coat of stone chip for streets with less than

10,000 vehicle movements a day amounted to vandalism of roads in subdivisions.

- While stone chip was a requirement for obtaining Waka Kotahi funding, the residents viewed it as a downgrade.
- The cost of stone chip was more than the initial cost of applying the surface; it also impacted on the standard of living for residents and the aesthetic and functional value for residents living in these subdivisions.
- Questioned the cost to Council of dealing with the continual complaints from affected and upset residents in a number of subdivisions within the city.
- Suggested other surfaces, such as a new product called Enviroshield, could be as cost-effective and give a much better result.
- Council may be treating everybody equitably but the result was they were being treated poorly.
- Tabled photos to support his submission and a petition representing 100 of the 104 houses in the subdivision formally requesting the Council to carry out an independent assessment of the road seal in the subdivision. Staff considered it satisfactory but residents disagreed.

#### **In response to questions**

- Council was limited by cost with asphalt being up to 10 times what it was currently costing.
- TCC was considering areas like this subdivision where residents were prepared to pay extra for a better surface; also considering Enviroshield.
- Agreed that road seal did make a significant difference to the quality of life of the residents.

#### **(9) Submission 999 - Element IMF, Grant Downing, Tauriko West Ltd**

##### **Key points**

- Follow on from Classic Group submission.
- Funding of infrastructure was costing very big dollars with standards increasing all the time to service these trunk assets and corridors throughout the city.
- Understood Council had to play a part in cost of development and growth and supported the increases in development contributions and commercial rates.
- Urged Council not to slow down on the infrastructure development as there were very long lead times on these projects.
- Encouraged by the way alternative funding was starting to come through e.g., IFF funding.
- Conscious of affordability and apportionment of the wider IFF funding package, but needed to fully understand how that model worked.
- IFF levy proposed over first 2000 units at Tauriko, but raised a query about the subsequent 2000 units.
- Would like to continue to be involved in the development of the IFF model and levy and for transparency on how the model worked.
- Noted the enabling works business case confirmed by the Waka Kotahi Board recently was a notable milestone and provided some certainty.
- Supported SH29 freight corridor and noted the importance in providing link to the Port as did not want Tauranga ending up like Auckland with no port access.
- Access to the port was one of the reasons why big companies like Winstone Wallboards chose to locate in Tauranga. There should be an acknowledgement of that by central government with longer term solutions/options for SH29.

#### **In response to questions**

- Agreed with importance of SH29 for the Port and further development for Tauranga.
- Still more detail to come and public consultation needed before final commitment to the IFF funding model.

At 11.20am the meeting adjourned.

At 11.40am the meeting reconvened.

**(10) Submission 277 - Jennie Arns**

**Key points**

- Wanted to be notified by email when services like refuse collection changed from the normal service.
- It was good to readjust the rates burden between residential and commercial properties.
- Had an issue with the rates burden being apportioned on property values as these were increasing. Many owners were on a fixed income and were paying a disproportionate level of the rates burden with the possibility of being rated into oblivion.
- Focus should not be simply on adjusting the rates burden between residential and industrial/commercial but also needed to consider lessening the rates burden set on higher value residential properties.
- Commercial rates increases often got passed onto tenants, many of which were business owners who had already suffered economically because of Covid.
- Many long-term residents were unable realise any value from their property until death, and if they lived in an area which became desirable and ended up with a higher value property, the rates often became unaffordable.

**In response to questions**

- The Council was bound by privacy legislation and needed to obtain permission from the user with regard to contacting people via email. Work was currently being done around this.
- Concerns around the impact on high value properties/low income ratepayers were understood and were being considered by Council which was looking at a balance between user fees and charges as well as rates differential proportionality.

At 11.52am the meeting adjourned.

At 2.03pm the meeting reconvened.

**(11) Submission 903 - Alan Sciascia**

**Tabled document**

**Key points**

- In 2018 a household travel survey indicated half of homes had a bike; this had increased each year and was now a popular means of exercise and transport.
- Comprehensive cycling strategy noted that people regularly used cycle paths and ride to school programmes.
- There was an increased use of e-bikes, but options to secure these expensive bikes were limited, especially in the city centre. Sought consideration to installing more racks in key locations like the new Farmers building, library and cafes in city and suburbs as a way to encourage more bike use.

**In response to questions**

- Staff would make connection with submitter and hold conversations about the work being done to encourage the use of bikes.
- Council was currently seeking feedback on a project in Otūmoetai and it would be helpful for the submitter to respond.

**(12) Submission 847 - Doug Barnes**

**Key points**

- Thanked Commission for the work being done in Tauranga, their engagement with and for the community.
- Agreed, in principle, with the plan for city precinct as it would be great for the city centre.
- It was essential to have a museum and downtown was the appropriate place. Many

smaller places had museums where you could learn about the overall history of an area.

- Sought reconsideration of the cost for the redevelopment when there were many other things that needed to be done like a Community Centre at Gate Pa.
- Some of the buildings to be demolished were only 20 years old and Council needed to determine whether the expense was justified.
- Questioned the need to spend \$300m as it was a lot of money. Realised that there was an opportunity to do it now and that lessening it may result in lost funding options.
- The project needed more grass and less concrete; hoped that the buildings would be built to green building standards and public transport options increased.
- Supported the use of IFF funding for infrastructure and roading costs as it would save debt load on council.

#### **In response to questions**

- The submitter was thanked for the work he did within the community and with the Community Centre.
- There had been a lot of comments received on the inclusion of more greenery and shade at the civic precinct and there was general agreement to do so.

### **(13) Submission 1047 - Scott Adams - Urban Task Force for Tauranga (UTF)**

#### **Key points**

- Strong support for Option 1 of the civic precinct as it was needed and showed an investment trigger for private investor confidence. Pleased to see government grants being sourced and the cost of individual components seemed reasonable and fair.
- Transparency needed to identify non-core assets sales.
- Supported an IFF levy for Tauriko but it must be set at a sustainable and affordable level.
- Congratulations on funding received for shovel-ready projects.
- It was questionable whether housing additions would be realised; the area's biggest problem was lack of housing.
- Adding 12,000 new dwellings along with the existing highway infrastructure already in place was questionable. Once you were on the highway you could not get off for a long distance and it was a long way to go back.
- Kainga Ora noted that housing could only become affordable when provided in volume. Suggestion there were other funding sources available and that discussions should be reopened with Crown Infrastructure Projects.
- Increasing city wide development contributions could lead to a problem with supply.
- Transport rate differential should not proceed as the state highways carried most of the commercial traffic not the local roads.
- The commercial sector faced an increase in cost of 24% with the differential; add to that the impact of Covid and inflation and it would deflate the commercial sector further. Need to consider cumulative cost pressures before imposing differentials.

#### **In response to questions**

- Agreed the differential rates required further work.
- Submitter would support transport rate differential and commercial rate differential if they were fair and equitable and not in place where there were other potential sources of funding.
- Submitter would potentially support a shift of transport funding to road user pricing.

### **(14) Submission 1075 - Mike Williams**

#### **Key points**

- Option 1 was going to cost \$300m that the city did not have and was marketed to be the preferred choice. There were no clear plans, only concepts, and no cost vs benefit analysis.
- Growth in the city should be upwards or outward.
- There was no clear mandate to spend the funding and it was morally wrong. Defer and

hold a mandate referendum in conjunction with 2024 election so local body candidates could campaign.

- Easy to spend others' money and feel good but need to consider the impact on those paying the bills.
- Considered a new museum should be located in the Historic Village.
- There were a number of commercial centres throughout the city, but Covid had changed the way staff work with many now working remotely.
- The final cost of the redevelopment would be more than \$300m.
- The ratepayer was the city's biggest partner, but it appeared the decisions had already been made. Council was moving ahead with no clear mandate which was wrong and poor governance. Should reconsider and ask the community what they really wanted.

#### **In response to questions**

- The consultation process was open to the whole of the community and no decision would be made until the submissions had been heard.

#### **(15) Submission 824 - Richard Hart**

##### **Key points**

- Supported Option 1 but watch the costs and get on with it.
- Had been submitting to Council processes for 10 years to get regional parks in the city, and now would likely end up in the courts.
- Projects were driven by vested interests and captured by process. Did not want to stop residential development as was needed - the question was how far development went and what boundaries were around it – good city planning was needed not more of the same.

#### **In response to questions**

- Submitter supported better urban designed greenspace, more use of parks and passive spaces especially around the beaches and rivers. Housing and highways packed beside these was not good planning and needed to be revisited.
- Suggested expansion of open space to make people feel like they were out of the city.
- Campgrounds were getting harder to find and places were needed to park caravans and motor homes off the streets.
- Provide for environment by stepping away from making the focus on how to deliver, and take it back to the community when developments were being planned.

#### **(16) Submission 953 - Jesse James and John Robson**

##### **Key points**

- Sought serious consideration to assist pensioners living at Kamahi Crescent Lifestyle Village at Papamoa.
- Rates were a tax. Two types of principles: horizontal, where those in a similar situation should pay the same; and vertical, which was progressive and those with the most paid more.
- TCC should look at lowering fixed charges and move to variable for the area. With a valuation of \$16m/ha it was high and differed from other neighbourhoods.
- Residents did not own the land so were in a different situation and asked Council to consider whether there were ways of addressing inequity. Mr Robson noted that he was happy to pay more for rates so others could pay less.

#### **(17) Submission 661 - David Holland**

##### **Tabled documents**

##### **Key points**

- Two large road block areas outside the CBD would have been a far more productive use of shovel ready funding.
- Noted that 11 points were included in the submission, some of which concerned complex

problems such as flooding.

- Council should take lead in the design and construction of the buildings and counter CO2 emissions - e.g., the NZ Post warehouse provided solar panels and water tanks within their 13ha development.
- Challenged the Council that the finished civic precinct would be completed at no more than \$303m.
- Suggested a more realistic concept plan which was included with his submission.

#### **In response to questions**

- Supported grey water control to support more greenery and more planting around the city.
- Submitter considered that planting native trees should become a requirement to be imposed when developments were undertaken.
- Submitter suggested planting native trees on public and private land and noted that areas like the foreshore in Papamoa could be planted. Palm or pine trees did not absorb as much CO2 as natives.

### **(18) Submission 897 – Greg Brownless**

#### **Key points**

- Considered the three options for CBD spend included in the consultation were reasonably flawed with no reasonable grounds for the extension.
- No general consultation on the matter and no mandate to make such major changes to Tauranga City Council and load the costs on its citizens into the future.
- Living in Tauranga was becoming unsustainable with the budget likely to blow out.
- Citizens were not relied upon to elect council but could elect parliamentary members. The continued lack of democracy was a loss to the city.
- Problems continued such as the Cameron Road works having already blown the budget by \$45m; the selling of greenspace; the increasing anti-social element. Considered Council was not really in right space to deliver a project of this size and should be left to a democratic society.

#### **In response to questions**

- The decision to continue with Commissioners was the Minister's, not the Commissioners.
- The cost of green fields growth would be met by developers not ratepayers. A number of submitters had commented on other opportunities within the legal frameworks that the greater proportion be met by developers. The problem was there was always the threat of legal action especially if overcharged; and, while the problem needed government intervention to get real costs, it was difficult under current legislation.

### **(19) Submission 1072 - Brian Berry – Mainstreet Tauranga Incorporated**

#### **Key points**

- Overall support for LTPA. Congratulations to the Commissioners being reappointed and their current focus on an aspirational vision for Tauranga and an undertaking to support the vision.
- City centre vibrancy had suffered in last few years with earthquake strengthening, failed development projects etc.
- There was a proliferation of large suburban shopping centres and, with the loss of the cruise ship industry bringing 21,000 people into the city, the city centre had suffered more than most.
- While supporting the move to have the commercial sector pay more; however, as they had recently suffered more than most, requested a form of rates rebating be applied to the CBD for a period. With a 1.6 rates differential the tenants had already been paying rates increases of 26% and was estimated to go 33%.



- Need to recognise the disruptions the city centre would face with the developments planned over the next few years. The city centre was a wider community asset for benefit of all not just those operating a business there.

**In response to questions**

- Valuations had just been completed recently with lower percentages in the CBD than other areas.
- If the decision was made to go ahead with the city centre redevelopment, it would commit the CBD to extensive disruption over a long time. For any proposal to have a rates remittance plan, consideration would need to be given to operating in entirety or in more versatile way across areas.
- Submitter suggested the exclusion of the University and Cameron Road.
- Speaking with a number of businesses the concern was with the construction disruption and the sequencing of works within the next 5-10 years.
- Traffic management and getting around the city was front of mind for Council, and would work with parties on the developments. Many indicated that that the end gain would be fantastic.

**(20) Submission 885 – Jan Polley****Key points**

- Focus and insight into the needs of youth needed to be considered going forward within the civic plan as this would be the group to bring a vibrancy to city.
- Questioned what plans were in place for hearing the voice of the many and varied groups of rangatahi in the city e.g., bible groups, Māori, Pacifica, disabled and rainbow youth.
- Questioned how Council would acknowledge the vulnerabilities around some of these groups and what was the Council's view for incorporating their needs.
- The redevelopment was a great opportunity to reflect on what had been and to take this into the future.

**In response to questions**

- Important points raised which the Council was very conscious of. Reaching out through means including social media.
- Recognised it was sometimes difficult to get rangatahi involved and realise the importance of this when developing the wider city plans.
- Last year a large group petitioned for sports facilities and a skatepark. With 250 people helping with the design this showed that Council wanted rangatahi to be involved with the things that involved them.
- There would be opportunity to incorporate cultural needs and the youth voice with some elements when going through the civic precinct design.
- The library was well advanced with iwi providing advice on cultural elements and being very much involved in concept planning.
- A full business case was carried out for each part of the design with involvement from wide groups with expertise to cover all aspects.
- Council was mindful of involving young people and adults to create a vibrant area where people could engage, connect and learn about history, recreate and connect the civic redevelopment and through parks, cafes, bars and the waterfront.
- There would be various spaces across the development and down to the waterfront, with huge opportunities to get youth engaged in these spaces and projects.

**(21) Submission 934 – Ross Crowley – Tauranga Ratepayers Alliance****Key points**

- The consultation document did not pass muster with lack of definitions and no measurable criteria for public transport or the civic centre redevelopment; did not pass the

most basic management test of value for money.

- Most of the features proposed were in the city centre which was a place that did not draw crowds as most of those functions had now gone online, including the library, art gallery, museum etc.
- There was nothing about Baycourt that would attract more people, nor would new paving help with that.
- Council indicated in the document that a museum was essential. The submitter considered that the true public sentiment was that it would not draw crowds, would be a dark and confronting place and would not be a compelling venue to attend. It was a venue that someone may visit once and not go back again.
- The civic area was repelling crowds at the moment and the plan of bringing people back to the heart of city would not happen. Understood that Council had to do something but considered this renewal was not a valid expenditure of money.
- Ratepayer funding was not a bottomless trough with the Council facing the highest rates in NZ.
- The project must go through better management tests, measuring quantifiable alternatives with quantifiable outcomes as there was currently no accountable data to support it.

#### **In response to questions**

- The submitter noted that everyone was facing uncertain times and exposing budgets and asset base to additional debt should be taken only under highly qualified circumstances; especially with the loss of water-based assets if three waters was taken from the council.
- It was noted that this was one way to have the funding to do the transport projects. Councils were not allowed to take into account the water assets as nothing had been seen of the proposed legislation as yet. Council was looking for alternative funding so the burden was not on ratepayers.

#### **(22) Submission 861 - Kelvin Jones - Bay Oval Trust**

##### **Key points**

- Enjoyed a busy summer with lots of cricket and the area being cemented as a premium venue, receiving huge local and domestic audiences and many hours of tv coverage in contrast to top rugby games which were usually at night.
- There were a number of international events coming up with the 5 Nations competition in 2022, the FIFA Women's World Cup 2023, a polo event, the opportunity to host large concerts and T20 Men's World Cup in 2028.
- Acknowledged Council's assistance with projects, but were unable to fund components due to increasing pricing.
- An indoor training facility was a key part of their plans and would cement the facility as a key training hub and world class centre for world class cricketers. On match days it could be used to host spectators out of the sun and could also be hired out as a top facility.
- The Bay of Plenty Places and Spaces strategy recognised the Bay Oval was a priority project to be completed within the next three years.
- Grateful for funding support from Council for both operational costs and capital projects but, compared to other competing venues, it was a challenge with machinery over 10 years old needing to be replaced and replacing cricket wicket covers etc on an annual basis.
- It was a race to raise money for everything including staffing or tractor breakdown when there was a huge game on.
- Compared to the civic centre it was hard to argue that it would be a bang for bucks when the Bay Oval was completed.

##### **In response to questions**

- Congratulations for putting the area on the international stage with the cricket games this season.
- Highlighted that being a community trust and sitting outside of normal machinery of

Council did not provide the advantages of maintenance, depreciation, the sharing of resources and had long term ongoing effects on the organisation.

- Originally fundraised to create the Oval; 10 years down the track the finance provided for operating and maintenance costs but the pavilion still needed \$2m and the indoor training facility would require \$3m, 50% of the total cost of \$6m.
- Submitter agreed that an indoor training facility could be located on Blake Park as part of that redevelopment but was separate to a high performance area and noted that the Bay of Plenty Sevens and hockey had also considered added value to the park. It was important to speak with all users and understand each other's needs.

**(23) Submission 1002 – Logan Rainey and Catherine Wilson – Property Council New Zealand**

**Key points**

- Property was the largest industry in the Bay of Plenty.
- The civic centre redevelopment was a step in the right direction, with a preference for Option 1, as it would unlock the Council's potential.
- Requested access to information on the proposed funding and recommended the Council implement a targeted rate to make up the shortfall.
- In favour of other developments and happy to work with council to unlock Tauriko.
- Disappointed with proposed differentials increase as it was inequitable, and property would end up paying far more when it was already a struggling sector. With the current range of external pressures now was not the time to turn down business.
- Recommended Council did not implement differentials or a transport rate.
- Did not support 15% increase in development contributions as there were better alternatives such as a targeted rate with everyone contributing.
- Strong support for civic precinct.

**In response to questions**

- Recognised that business had gone through tough times and cost of inflation and rising interest rates would add more pressure – the dilemma was how to get everyone to pay their fair share and who should pick up costs if more development, services and facilities were wanted.
- Agreed there did need to be investment and who paid needed to be considered with fairness and equity – every sector had a part to play in increasing infrastructure investment.
- Transport funding was hard and an ongoing conversation was needed with all.
- Development contributions graphs for other areas did not show any remissions other councils offer to developers – Commissioners noted the good points raised and would continue to talk more with submitter.

**(24) Submission 171 - Charlie Sherratt**

**Key points**

- Nice to focus on progress not politics.
- Speaking for his two young daughters with regards to the redevelopment of the civic centre. Supported the integrated civic space as it would draw a crowd and the family would likely go there every weekend.
- The city centre was lacking a heart but was improving and was excited about what was going there.
- Young kids were under-represented; lots of parents shared this view.
- Buildings in the master plan did not have a wow factor.
- Area needed to include shade and be more ambitious with greenspace rather than looking like a concrete jungle.
- Greenspace reduced temperatures rather than concrete which was a heat source.
- There needed to be distinct spaces to sit and read a book, for food trucks to park and more water integrated into the green spaces.

- Suggested the museum included STEM areas/projects.

**In response to questions**

- Getting people to go to a museum depended on the type of exhibitions and how they were managed.
- Council should hold conversations with families at times and places that best suited them e.g., sports fields when games were being played.

**(25) Submission 783 - Marcus Knight**

**Key points**

- 12 years old and 5<sup>th</sup> generation to live in the city.
- Heritage runs deep and asked where was the museum to tell our stories.
- Wanted a museum to hear his stories told and learn about his history.
- Favourite was the Rotorua Museum.

**In response to questions**

- Thanks for taking time to come in and talk to the meeting.

**(26) Submission 1024 - Lorin Waetford - Ngāi Tukairangi Trust**

**Key points**

- Appreciated workshops being provided and having options to choose from – the process was easily accessible.
- The Trust had the capability and capacity to see phenomenal growth on its orchards and the Trustees were increasing their learning and understanding.
- Water culture industry was just as successful off as on orchard and the Trust strived to become leaders in the industry.
- Acknowledged tupuna and successful development remained within whanau.
- Strong and open lines of communication must be fostered at every opportunity allowing the Trust to participate in processes with relation to climate change, resource management, freshwater management etc.
- Beautiful design of precinct area. Was time for it to become a cultural beacon as it was important to Trustees.
- Do not want commercial rates to increase as they had doubled from 2007 to 2022 with no tangible benefits which was unsatisfactory. The Trust was advocating for minimal commercial rate increases, but did not want these to be passed on to residential ratepayers either.
- The plans did not acknowledge the collective frustration of ratepayers who had participated in conversations.
- The Trust was committed to doing the mahi to understand the Council and to strengthen the lines of communication.
- Invitation to Commissions to visit Matapihi and talk more with Trustees.

**In response to questions**

- The Council used a range of opportunities in terms of engagement including the option to talk kanoahi to kanoahi or online.
- Submitter noted that the involvement of the Māori perspective would be with the Trust Chairperson and CEO and filter down on a needs basis.

**(27) Submission 993 - John Robson**

**Key points**

- Requested that Council did not go into a budget deficit and was prudent with debt levels.
- Acknowledged the recognition that the burden being placed on residential and commercial ratepayers was amiss.
- While the commercial differential was causing some concern for those having to pay it,

would be a worse local government management system if decided not to have it.

- Requested that when the Council met with the Property Council it be in a public meeting, not offline.
- Noted that his rates would fall this year, yet there were many people who were struggling.
- Council needed to look at where the money was and what that funded, look at what the city needed and stop confusing financing with funding.
- Tighten up on the funding of the civic development or the cost would fall on ratepayers.
- Noted in 2018 a move to put \$20m in the budget for a museum failed, but the amount was sufficient to build it then.

#### **In response to questions**

- Development contributions and the legislative framework provided what could and could not be done with regards to developments.
- Submitter suggested looking at what other authorities did and to collect everything possible at the point of subdivision, thereby pushing the impact on the seller of the land not the builders.

#### **(28) Submission 957 - Stephen Cleland - Tauranga Art Gallery**

##### **Key points**

- Supported the civic centre development and saw it as the one chance to have a major revitalisation within the CBD.
- Art gallery could be world class but concerned at the pace of the development putting art at risk with the proposed exhibition centre.
- A larger benefit for the precinct to deliver could be lost unless the gallery was made bigger. The current gallery was bursting at the seams; more space was needed to deliver programmes and would allow more to be delivered.
- The lack of a governance model in the proposal was a concern.
- The art gallery was well placed to lead art exhibitions but opportunities would be lost if they still only had the same space.
- Cost benefit analysis showed greater returns for the city than costs and would result in the gallery being able to have a larger impact and stage much larger exhibitions. While they saw potential, there was not the confidence the development would deliver what had been promised in terms of design.
- Suggested a vital step may have been missed and wanted to see synergy across all areas, including art.

##### **In response to questions**

- Submitter noted that many exhibitions were attracting major crowds. The reputation of the space and the staff in the team made securing the shows happen.
- With regard to the concerns on mixed use spaces, the submitter noted that it started with the design and who owned the space – if it was the art gallery there would be some confidence with what could happen there.
- Submitter questioned the savings if the purpose was a genuine mixed-use model. It was a massive investment in the infrastructure, but was an area that needed to have control and leadership and to give full confidence that any show would be one of quality rather than what could be a confused space.
- The submitter optimally sought double the space they currently had which would allow them to include much needed education facilities, to be able to devote a space to specialist exhibitions and have more back of house space. Services like the lift could be shared.

#### **(29) Submission 831 - Bryan Norton**

##### **Key points**

- Iwi did not have much sway in the town so it made sense to include their history in the

civic precinct.

- Considered it was not the right space for the museum as people would only go once or twice. Make that area an administration area rather than a museum.
- It was hard to get behind and support the project when it was only an artist's impression.
- Opposed to Three Waters as it would muzzle Council.
- Many iwi do not live within their rohe, with his own being at Picton, but he had lived in Tauranga for 35 years.
- The cost of co-governance was wrong and would cost everyone.
- Continue with a rotation of artefacts and storytelling within the civic precinct.
- Would rather the Council spent \$300m on a gondola system as the city needed that more with many of the roads being choked.

#### **In response to questions**

- Reassurance that Council would not be muzzled with the Three Waters reform. Government had indicated legislation would be in Parliament by the end of year. The Council had accepted the Three Waters working group recommendations and these were being reviewed to ensure what was being recommended met the concerns that the community had raised. This would be used as a basis of the Council's submission. Council needed to work constructively with the DIA and make sure staff were well prepared. This did not stop the Council raising the concerns that the community were raising.
- Funding might be used to contribute to the civic redevelopment site, but it was a complex process to meet the government's criteria.

### **(30) Submission 1019 - Nikki Hansen - Tauranga Arts Festival**

#### **Key points**

- Supported Option 1, having attracted over 550,000 people into the area since 1999 they had a keen interest in what the area would look like as it would directly impact on them.
- Disruption would be a big thing but, taking a long-term view, this would hopefully be minimised with a timely delivery of much needed equipment and fit for purpose spaces.
- Opportunity to celebrate Tauranga as an arts and culture destination with the mandate of 3/5<sup>th</sup> of residents recognising support in arts.
- Already had a number of missed opportunities due to lack of space.
- As a partner with Council the group were well placed to support and deliver outcomes – the development would see an increase in delivery.
- Ensure engagement was held with mana whenua and arts and the embedding of arts policy at the start was essential.
- Adopting a 1% for art policy was applied in Rotorua, Palmerston North and on the Gold Coast.
- Iwi agreed that the art policy helped with cultural improvement.
- Change, celebrate, connect and understanding diversity would provide local and national recommendations for arts with arts and culture taking a rightful place for future generations.

#### **In response to questions**

- Submitter noted that the 1% policy for arts had been part of discussions and in conjunction with Creative NZ for the submission.
- It would be critical to have lots of activity throughout the build to continue to draw people into the city.

### **(31) Submission 862 - Graham Holloway**

#### **Key points**

- Cannot afford the civic precinct redevelopment when people including pensioners were affected by rates increases; Council should not be considering them as rates were going through the roof.
- The submitter had cancelled his rates payment to Council as protest about Council not

doing things properly. Existing issues should be fixed before spending more money.

- Proposed rates increases would result in an increase of \$230 for his property.
- Council was not capable of budgeting and prices were always over.
- Questioned the calibre of staff; noted that he was still waiting for remediation for water entering his property because council work in the area was not designed properly. Noted the repair work had failed again and was only a band aid - it was facing the wrong way, was not deep enough and was filled with aggregate.
- Questioned why money was being spent on a museum when there were so many other issues that needed to be fixed, like roading at Greerton and the Mount parking building.
- There was an issue with road speed close to his house; had requested a barrier be installed but it was taking too long – a fence was fine for pedestrians but not for cars.
- A person had a right to his or her land and no one adjacent should be able to do anything to affect your land.

#### **In response to questions**

- Commissioner Rolleston had been working with the submitter.
- The issues raised with the road, width of footpath and parking would feed into the speed review work currently being undertaken and parking plans being developed over the next year.
- Aware of difficulties of increasing rates for many people with fixed incomes; working on rates remittance and working nationally to find a way to bring relief, but Council's hands were tied by legislation.

### **(32) Submission 1193 - Jordan Hansen**

#### **Presentation**

##### **Key points**

- Provided a presentation on his architecture thesis - Connecting the City; which incorporated a new library and laneway.
- He explained how the library could act as a catalyst for the city centre, with the design incorporating many city icons of Tauranga, Mauao, the Port, Kaimai ranges, cultural involvement and richness.
- Design included connection with the waterfront via a laneway incorporating a number of active parts.

#### **In response to questions**

- Thanked for sharing excellent presentation and complimented on work done.
- Concepts were in sync with way the commissioners were thinking with the civic precinct redevelopment plans.
- Submitter noted he was top in class for the project and graduated with 2<sup>nd</sup> distinction honours.

At 5.35pm the meeting adjourned.

**Continuation of meeting – Wednesday, 11 May 2022 at 10.41am**

Chair Tolley reconvened the hearing at Huria Marae at 10.41am.

The meeting was opened with a karakia from Peri Kohu.

**12 BUSINESS****11.1 Long-term Plan Amendment / Annual Plan 2022/23 - Hearings 9 and 11 May 2022****RESOLUTION CO8/22/2**

Moved: Commissioner Bill Wasley

Seconded: Commissioner Shadrach Rolleston

That the Council:

- (a) Receives and accepts further late submissions number 1206 and 1207 that were received after submissions closed at 5pm on 26 April 2022.

**CARRIED**

**(33) Submission 164 - Matire Duncan - Te Rangapu Mana Whenua o Tauranga Moana****Key points**

- Supported the annual plan and retention of autonomy of all rohe and tribes.
- Acknowledged Commissioners who were building trust and confidence in the city with their work.
- Supported Option 1 for the redevelopment subject to 50% of the funding coming from sources other than rates.
- Conversations should have eventuated many years ago – the project would transform the city centre and tell stories incorporating culture and history into the spaces.
- Supported IFF funding on all eligible properties, but it would need clear outcomes to achieve the results.
- Current issues included people driving alone and the moving of freight which severed communities from opportunities. Construction areas caused congestion in other areas because of avoidance.
- Ensure Māori were connected and do not treat Māori land as path of least resistance - respect and build their principles into key documents.
- Supported IFF funding for Tauriko West development as it would bring more houses into the Western corridor. Te Rangapū Mana Whenua o Tauranga Moana had an interest in the project, having been involved in the process, and supported the upgrade. Need to ensure the protection and enhancement of the Wairoa River area with any development.
- The location of each marae was missing from the Transport Strategy.
- Suggested installation of bus shelters outside each marae for people waiting to catch the bus.

**In response to questions**

- Perspective around affordability - Te Rangapū considered affordability of housing first rather than transport. Whetu Marae was looking at helping whanau into papakainga housing.
- Current transport investment programme was still not keeping pace with the need to improve. There were no public buses in some areas and insufficient consideration of the best way to move vehicles and freight.
- Continued mana whenua engagement was important to ensure that they were involved.
- Staff had been requested to look at the Transport Strategy for network, arterial and



collector roads, as many like Ocean Road had not been upgraded for 15 years, but vehicle use had increased extensively.

- Te Rangapū had housing aspirations but there was no public transport provision around potential housing areas so people could only get there if they had a car. It was requested that Council consider connection to these areas.
- A bus shelter programme was underway, but was reliant on BOPRC. Council was trying to get more funky shelters to encourage people to use buses. The submitter was asked to note priority areas where people were waiting and standing for buses.

**(34) Submission 838 - Mary Dillon, Laura and Fiona - Envirohub Bay of Plenty**

**Presentation**

**Key points**

- Supported vision for the redevelopment in collaboration with mana whenua to create a vibrant city centre.
- Protect and restore Māori moana and make it the first national park city by adding value to nature in urban spaces.
- Now working to reverse the impact on environment by evolving and creating a CBD designed for nature including planning and building for natural resources.
- A sponge city had positive flow on effects, reducing other effects such as heat waves which were now a big killer. Heat could be elevated by 10° with buildings which was a disadvantage to all.
- Create a city that improved health of every living thing, decreased rodents and increased birds in some areas.
- Ensure the delivery of the four well beings and sustainability were being incorporated in any developments.

**In response to questions**

- Agreed not enough green shown in the plans and was being addressed.
- There was a 14m drop from Durham Street to the hub and access was critical in that area.
- Recognised that people want more areas of shade and more use of rainwater, recycling and the like.
- Submitter indicated that being sustainable was using today's resources in a way that there was enough for the future; noted the need to acknowledge that we live in a finite natural environment and everyone needed to be connected to that. There was an intrinsic value to green space. People cannot continue to take and not give back anymore and everyone has to do with what they have.
- Submitter noted that biophilic design principles depended on the situation but could include vertical walls and green areas. This was a big transformation and it was a mistake for the city to become all about growth - it needed to be growth in context and sustainability to be intrinsic in what we think and what we do. Highlighted the importance of inclusion of history and culture in building culture e.g., Māori history embedded in architecture.
- Aware that costs for green star buildings could be more expensive to build and a decision had to be made to make compromises, provide more money or not do some components.
- Cameron Road was key to the development but the submitter considered that the first part was not quite right and needed to keep that in mind and not replicate mistakes as the works move further on.
- With regards to intensification the submitter noted that it was important that the community understood that strategy and government direction and limited the number of houses allowed on properties. The issue went back to three waters and stormwater where greenspaces were all stormwater reserves.

**(35) Submission 1150 - Jo Wills****Key points**

- Endorsed what Envirohub had said as they provided opportunities to put Tauranga on the map by doing something significant with the design and plan of city.
- Option 1 was a traditional investor-heavy development with no responsibility to build for the future.
- Emissions had increased, as had deprivation; public transport provision had decreased.
- Invest into buildings that produced their own energy and waste using a biophilic way to build for increased living standards – provide shade, food, reduction of heat etc and return eco benefits for all.
- Opportunities to increase public transport were not in the plan. Investment must be taken for access from all parts of the city. People were stuck in congestion and not able to find a park, therefore the way people move must be a focus or development would be a failure.
- Considered there was no demonstration of reductions or delivering to the urgent needs of now and into the future.

**In response to questions**

- Agreed regarding the comments on taking transport links to the whole city into account.
- Submitter noted that there were a lot of layers and investment in one area, which may not provide people the opportunity to access amenities in their own environment; this was as important as the city centre. People also missed out if they do not have a car or access to public transport.
- Submitter said that costs should be lower now for construction so the costs were not being passing on to future generations. Access to nature and integrating it in a public space was vital as not all people have access to it.

**(36) Submission 481 - Stephen Lasslett****Presentation****Key points**

- There was still no sport and recreation facilities in The Lakes after 18 months of meeting with Council and 12 months of talking with staff. There was still no mention of these facilities in the 10-year plan.
- Residents had received nothing, not even a picnic table or barbecue and could not get any commitment out of anyone to get some equipment.
- There were five skateparks within the network from Mount Maunganui to Papamoa East and zero in the Lakes area. The same applied to sports fields; enough in the city network with the Lakes getting nothing.
- Considered Council did not listen in spite of repeated conversations. A basketball court or playground would be great.
- Submitter was the last man standing as the other residents had given up trying to get facilities, and did not want to be seen as an idiot for continuing to ask for things to change, but wanted to believe that something would change.
- Wants to see a plan with merit; well done was better than well said.

**In response to questions**

- Apology offered to submitter - Commissioners had assumed after the last LTP that things were happening. Anticipated that next year would be a different situation.
- Confirmed that a pump track and a basketball half-court were due to be installed, with work to start in two weeks' time.

**(37) Submission 491 - Mike Goff - Carlton Street Reserve Playground Facebook Group****Key points**

- Council had done some great jobs on playgrounds in the city but Carlton Street were

asking for one that was better than the poorly designed and poorly maintained safety hazard one that they currently had.

- Over 3000 children went to school in the area and the reserve was underutilised with only two swings, two slides and what used to be pirate ship. It was located in an area that was prone to flooding and became a tub after rain as the water did not drain away.
- The equipment had protruding nails, it was graffitied and there had been a car parked there for a while. Other parks looked nice and were well maintained but not this one.
- Requested that the area be upgraded, noting that even old equipment from other playgrounds would be considered an upgrade.
- The whole area needed to be redesigned and reconstructed with a soft rubber type of surface installed.

**(38) Submission 725 - Brian Hodge and Sandra Scarow - Sydenham Botanic Park Advisory Group**

**Key points**

- Thanked the Council for the support in the past year for the park and paths.
- There had been an increased use of the park as with the new paths it was easier to walk through.
- The original five-year life for the Trust was now 11 years and Council needed to consider how to continue to maintain the area.
- Sought a change in zoning to open space rather than the current residential zoning.
- A more formal path was needed to the stormwater area as it was regularly used by people going to and from the supermarket.
- The pergolas were flourishing and the planting was taking hold and would increase over winter. There were a further six kauri and pohutakawa trees and flaxes to plant.
- The maintenance contractor had struggled to keep the park to standard recently due to Covid, and members were working with staff to help bring it back to how it should be. The open area reduced as the planting grew bigger.

**In response to questions**

- Appreciation for all that the Trust did in the area.
- In response to a query if the group had discussion with staff on potential options, the submitter noted that none had been held in any detail. There was a group of volunteers who provided 4-5 hours a week on maintenance and this would need to be picked up. Some trees may need to be pruned or removed in due course.

**(39) Submission 1065 - Sustainable BOP Charitable Trust**

**(40) Submission 918 - Glen Crowther**

**Key points**

- Sustainability was a challenging space at present with the SmartGrowth strategy being an example of that. The fundamentals were not being addressed in the bigger picture – CO2 emissions, water, social issues etc.
- The \$4.5b plan became a \$5b plan which equated to spending 2.5% more per capita than Wellington City was spending. It did not include climate change action funding, housing and sustainable water use so would not meet government targets.
- There was no investment yet on paper nor any public consultation which was an issue as other Councils had done a lot on climate change and spatial planning - there was no buy-in from people who needed to be brought into it.
- Civic redevelopment - there had been many comments but the consultation document was difficult to understand and was biased to Option 1. There were no financial details included and a lack of a business case for the museum, exhibition centre etc. This was back to front as many wanted to see the cost and benefit analysis before making a comment.
- Questioned the specific outcomes for the wharf redevelopment, did not understand what the city would get for the money set aside, also inflation would push the cost up.

- Queried why people did not get given a choice to spend \$300m in the city centre or look at the area in parts and invest money in other initiatives such as cycleways or improved housing. No big conversations had been held about all those things in total.
- Ownership around the city centre was a huge issue with nothing in the consultation document. People needed to know the implications.
- Queried how operating costs for the library and city centre would be paid.
- Requested the plan be changed to make it more sustainable.

**In response to questions**

- Agreed there were still a lot of questions to be answered and at this stage there were two options. In order to include the civic precinct redevelopment as an amendment to the LTP, the project proposal and design was put together quickly and did not address some issues.
- Inflation and increasing cost of materials would be built into the cost.
- Unable to access the Government's Three Waters funding for Option 2.
- Submitter considered there was potential to access funding from government for all sorts of the community facilities and infrastructure. Suggested the Council look at what others were doing in the city like the heritage centre as there were a whole range of options with business cases and costings already put together.
- The Commissioners were aware of groups that were proposing projects.
- Need to focus on the bigger picture and raise the vision beyond the detail in seeking to invest in city that was investing in it. Waikato University were investing \$100m which helped to make investment in the city centre worthwhile. Need to focus on the bigger picture rather than continue to make incremental decisions.
- Submitter considered investing \$300m in CBD would risk no investment in the environment.

**(41) Submission 855 - Liz Davies – SocialLink****Key points**

- Increase in rates - supported Council doing work on how to address the increases for those unable to afford them.
- Tauranga had the highest food prices and power costs in New Zealand - these were non-negotiable costs and it was important to support ratepayers who could not afford the rates.
- Acknowledged the contestable grant funding but felt there should be a fairer distribution across the four well beings.
- Requested information on how social, cultural and environmental well beings were being considered in Council's procurement process. Without assessment, risks were not undertaken and opportunities were lost to improve social well beings.
- Welcomed partnership with Council and had put a proposal forward to ensure an improvement of social issues over time, telling stories of community organisations to raise their profiles so they could access donations, sponsorship and volunteers.

**In response to questions**

- Submitter noted that the arts and sports sectors received lots of funding with no distribution of funds to the environment and little to the social sector. A review would enable a fairer distribution; however, need to be mindful that cutting a supply from one area to give to another would take time.
- Commissioners noted they were keen to have a conversation on the well beings measurement in procurement and how to capture and report it.
- Submitter noted that there was a link to procurement and impact assessment by looking at procurement for social and wellbeing.

**(42) Submission 955 - Marcus Wilkins - Capitalism for the Many not the Few and Democracy for the People by the People and of the People****Key points**

- Concerned around city centre with the statement that other stakeholders included Willis Bond and mana whenua without clear definition.
- Preferred Option 3.
- Excited when first came to town but now wanted to know how the civic centre project would be run – what is collaboration; was it manufactured consent; who were the other stakeholders and how were they selected?
- Considered that submitting when the project was light on detail provided an advantage as submitters leaned towards selecting Option 1.
- Fan of genuine, deliberate engagement with community but the plan did not involve the people in a genuine engagement process.

**In response to questions**

- The Willis Bond contract was signed with the previous Council - the Commissioners had looked at the master plan and continued on with it, but took out the administration offices which would now be built in Devonport Road.
- Had worked in a collaborative way to date, recording the history of site and area and working with the Otamataha Trust as iwi who also worked with Willis Bond and would continue to do so as it was developed further.

**(43) Submission 837 - Liz Cooper****Tabled document****Key points**

- Lived here three years. Considered that the Commission's methods of communication were working as felt had a voice and that people were listening.
- As a working artist, people want to work together; noted that publicly funded art had a huge emphasis on public wellbeing.
- Supported Option 1 and asked that Council adopt the full plan. The city deserved better arts and had to think in big terms for the future. The civic centre reputation and facilities could culturally be bigger; the taonga treasures of the city centre should be a platform and meeting place for objects that tell a story.
- Have pride in the city's treasures and remember the need to think about these not just business.

**In response to questions**

- Speech tabled as there were a number of items raised in the submission that were important to note.

**(44) Submission 1118 - Julie Andrews****Key points**

- Supported Option 3 for sustainability and questioned whether there was a vision focused on the bigger picture or was it being driven by Willis Bond, a big developer with a 12-year contract with influence on the proposals that came forward.
- Suggested a scale down but still see visuals and costs for the feasibility study for culture.
- Rich history was exciting but did not support the amount to be spent to achieve what Council wanted to do.
- Museum referendum was held a few years ago with the majority result that the city did not want a museum.
- Process flawed with a lot of people not having time to engage.
- With regards to the \$48.4m available from Three Waters funding being only available for Option 1, Minister Mahuta's comments focused on money and it was a clear trade off to spend on the civic centre rather than resilience or environmental planning.

- Funding would only be available once so need to spend it wisely and represent the people fairly.
- Cannot see that this process was a mandate to go ahead with Option 1.

**(45) Submission 1111 - Heidi Hughes**

**Presentation**

**Key points**

- Council had an opportunity for a unique point of difference and to showcase and take the community to a sustainable future for the city.
- Put green roofs on all the new buildings, could be extended throughout the whole city. The library café could be a reading garden; there could be a discovery garden on the museum with a native walk that talked about the natural history; the exhibition centre could have beach volleyball and have business house volleyball; there could be tussock planting and provide people a place to go in their lunch hour.
- Green roofs had points of improvements, enhancements and reductions and would free the use of land.
- There was too much concrete in the plans at present, there was a need to be careful as permeable land surfaces were needed.
- Need respect for the harbour; could incorporate play areas and soft spaces for children.
- The Tuhoe Headquarters at Taneatua was based on using all elements of design and showed a regenerative way of working - could this be pulled off for the city centre?
- Implement a good procurement process. There was no framework for the green star rating system and to provide accountability for sustainability. An agency was needed to oversee it so it was driven throughout.

**In response to questions**

- An exciting concept that created huge greenspace areas in the city.

**(46) Submission 1187 - Carole Gordon**

**Presentation**

**Key points**

- A bolder design was needed for the civic centre. The city did not need a fortress, it needed to link harbour and pedestrian environments. More engagement was needed in the design process and reflection of the need to get buy-in from the people. Need cultural history moving forward.
- Encouraged Option 1 but now lived in a world of significant change, the design needed to be able to grow and be flexible.
- Notes was getting more difficult to source and supply materials.
- Supported an evolving concept that addresses the people and their needs in an intergenerational manner.
- Use public spaces as drivers of equity – they were currently full of cars so could do better.
- Restoration of people – give attention to nature and restore mauri, essence of land and peace making.
- Place solar lighting in Pilot Bay and bring connectivity and happiness and link back to solar fountains in city.
- Embrace botanical gardens in the area to provide colour, greenery and connectivity.
- Council had an opportunity to integrate a transport centre as a people place and integrate a smart city, sustainable, age friendly design with integrity and botanical emphasis.

**In response to questions**

- Submitter noted that the Wharf Street design did not have a lot of things that were needed.

**(47) Submission 1026 - Carole Gordon - SmartGrowth Social Sector Forum****Presentation****Key points**

- Tauranga had a housing crisis and there was an urgent need for 2000 1-2 bedroom units within three years.
- Urban longevity was occurring with people now living to 90 or 100 who needed to live out their lifetime in suitable housing.
- Smaller households were 70% of the overall growth so there was a need to make decisions on housing and communities as liveable communities.
- Queried how to manage public participation in the civic centre space.
- There was growing social inequality in the city with increased demands which Council needed to address.
- An alternative time was requested to discuss key questions raised in the submission that needed answers.

**In response to questions**

- Some of the questions were unable to be answered at present. It was agreed to set up a meeting with the submitter.

**(48) Submission 1017 – Nathan York and Craig Batchelar - Bluehaven Group****Key points**

- Fastest growing populace area in the city was Papamoa East.
- Continued to advocate investment in that area balanced along with other areas in Tauranga.
- There was a challenge of balance to growth and fixing growth issues - if Council did not manage growth it would become a problem in 10 years.
- Wanted to see new pool facility in the eastern area. The swimming community wanted a 50m pool and could not wait 8-10 years for it. Would work with council to help deliver a pool out east.
- Deep dive on development contributions policy wording and reiterate the point of a staged approach for large non-residential development scale projects. Also give equity with residential developments.
- While it was important to have a working heart in the city, do not lose parts of other areas.
- Would like to discuss the town centre development levy policies and detail around these.

**In response to questions**

- Council was aware that Golden Sands had the ability to bring housing into play quickly and the work being done out there was appreciated.

**(49) Submission 187 - Michael Batchelor****Key points**

- Considered Commissioners exceeded their brief with regards to the civic centre proposal and overplayed hand with the ugly and overly expensive proposals in Options 1 and 2 with no basis for the grandiose proposal.
- Role was to deliver a robust LTP with adequate priorities, engage in existing initiatives and to deliver a clear and comprehensive plan to council.
- Analysis of work programme for 2022-25 was 14 pages long and had the civic precinct included in it.
- The civic centre master plan total cost was \$500m not \$300m with the risk status recorded as high.
- Rent and rates burden were main concerns of people and questioned how the document addressed these concerns.
- Did not support spending \$300m on pretty buildings and open spaces when the city

centre had been declining for 20 years and would continue for a while yet.

- The debt level at \$458m was the 3<sup>rd</sup> highest in NZ and equated to \$8.5k for everyone in the city. It staggered belief that the Council was considering further debt.
- A smooth transition back to the elected council was needed, and leaving them with either Options 1 or 2 would be a recipe for another disaster. Only option was the sale of Willow Street to reduce the people's debt and then rational decisions could be made by the people.

**In response to questions**

- The entire project was \$500m. However, the development of the hotel and TV3 site was never intended to be paid by council so was not consulted on. The master plan for the TV3 site to Masonic Park was done by the previous council.
- The new Commission had new terms of reference with instructions to develop the 2022-2024 Annual Plan.

**(50) Submission 29 - Lianne Pepperell**

**Key points**

- Had lived in the city for 19 years and was a paramedic, and as such she was a last resort and support for people if they should need a shoulder to cry on. The people were the most important thing in world – he tangata, he tangata, he tangata - and many do not like change.
- Gone were the days of free parking, of parking outside a store, and a bustling downtown – need people to come to the city centre to be able to move forward.
- Emphasised the importance of working with tangata whenua and arts groups going forward.
- Putting the brakes on spending would only make the civic centre project more expensive - do it once and do it right.

**At 1.28pm the meeting adjourned.**

**At 2.04pm the meeting reconvened.**

**(51) Submission 445 – Shane Stewart - University of Waikato and Nigel Tutt – Priority One  
Tabled document**

**Key points**

- Joint work programme as the tertiary institution would be growing from 1000 to 5000 students which would have an impact on transport etc. Need to provide offerings for people to want to come to Tauranga.
- Many businesses were short of people so it was a win-win for the area.
- Support for buses, the redevelopment of the CBD and Council creating a hub for urban development and planning.
- Having a group of staff and students focusing on and integrating into the city would create benefits to employers - the cost of a new hire was \$10,000 but replacement of a staff member was \$24,000.
- Proposed an 'enrolment to employment' pathway with the Council, recruiting and undertaking initiatives such as scholarships, internships, work experience which would create a flow of graduates. Would start to see the positive impact next year.
- Intention was to start small, focus and learn.
- A similar city studio in Vancouver had seen students and staff been involved in 550 projects within the city over 10 years.
- The programme would establish Tauranga as a global destination which would provide various areas of talent.

**In response to questions**

- Numbers depended on the nature of how the programmes filled out. The first year included five scholarships and summer placements; anticipated that other organisations



would get involved so would likely be 100+. Would also provide research funding and international students so leverage of each dollar spent increased.

- Conversation would be held on whether to fund one year or commit to three years.

**(52) Submission 1207 – Anne Pankhurst - Tauranga Business Chamber**

**Tabled document**

**Key points**

- Important that Council delivered on promises - do not over promise and under deliver.
- Supported city centre master plan and considered it would lead to other things.
- Museum seemed to be taking over narrative and should not be seen in isolation - remove narrative to make sure it was part of the overall project.
- Important to move ahead with a hotel and venue centre as currently the city only had Baycourt. The sweet spot for conferencing was 200-250 people.
- Operational and capex costs needed to stay within the envelope.
- Western Bay of Plenty transport system – agreed with the need to look at other funding options but the implications around 30-year funding were not clear to the public.
- The differential for Tauriko West would set the suburb apart as no one else had to pay up to \$2.5k for up to 30 years. It was a big commitment for each property. Queried whether there were other policies like deferment that could be used.
- Need to consider implications of a very tight labour market on programme delivery.
- Need to also look at providing school transport as it was noticeably easier to move more freely around the city during school holidays.
- Business community was shy about spending at present after a bad two years. Although some had done well, suggested that the commercial targeted rate be spread and made lighter for 18 months. While business supports the rate they would like to see these funds be targeted and not go into the general bucket.

**In response to questions**

- Aware that developers in Tauriko had concerns but work could not be deferred as it did not sit on Council balance sheet; there was still a lot to do before committing to IFF including the need to see commercial return of private investors. Council was seeking agreement for the concept and where it was proposed to be used. It was a significant agreement for new homeowners to sign up to.

**(53) Submission 1067 – Anna Bones and Adrienne von Tunzelman – Age Concern Tauranga**

**Key points**

- Civic centre project could become a place for older citizens to participate.
- Commended Council on the age friendly policy that was completed; noted it was due for review next year.
- Demography pointed to a time frame where 1 in 10 people would be over 65. There was an increase in the number of people reaching an older old age and it was hoped that designers would keep that in mind with the importance of access – streets and pathways needed to be navigated easily, seating suitable for older and limited mobility and young parents with children to manage.
- The Office for Seniors had a friendly open spaces guide which covered the technical aspects of urban physical design for older people. Would be great to see a change to future proof the age demographics and make it a great place for all ages.
- Rates postponement – concerned older adults on fixed incomes and, while there was assistance with the rates rebates scheme, the maximum claim was \$665.
- It was noted that Council may have removed some of the criteria to qualify for rates postponement, but mortgage reversal may not be option for some. Age Concern were

working at a national level to develop a standard for rates postponement schemes.

- Age Concern requested involvement in future discussions with the Council.

#### **In response to questions**

- Council would look at seniors policies.
- A lift would be installed for access from Durham Street to the waterfront and the greenway path would zig zag to make mobility easier.
- Bringing people into the city would activate the space - keen to see intergenerational concept to bring people together in one space.

#### **(54) Submission 845 - Greg Bayliss**

##### **Key points**

- Had rental properties and was shocked at the number of people living in houses with their parents. Sometimes there were 4-5 families living in tents, caravans, cars etc with their relatives. When having an open home 100-150 families desperate for a place turned up.
- Felt offended when reading that \$300m was being spent on a civic centre 'monument' when people needed housing.
- The people he dealt with would be unlikely to go to a museum or an art gallery; the cost to run these would feed half of those families.
- Suggested that the project would cost \$500m by the time it was done and considered it demonstrated ability or lack of it to make progress.
- Alternative suggestion was to knock down the derelict shops along Grey Street and Devonport Road and put up a mall as many people's main pastime was now shopping.
- Every dollar on rates would need to be paid for by the renters.

#### **(55) Submission 808 – Ashleigh Yates**

##### **Key points**

- Motivation for the video was the result of a post on the Tauranga and Mount notice boards asking for ideas for the city centre.
- Having spent a lot of time living in the city centre while studying at Waikato University, the submitter was concerned with how quite the city centre was on a Saturday afternoon. The area had much potential to be a cultural hub of awesome people.
- Not sure why people were not making contact with the Council, so wanted to do in a different way and created a poetry video.

#### **In response to questions**

- Commissioners replied with their own poetic video response.
- Complimented submitter for the video that captured what makes the heart and soul of a city.
- While the result might not see all of what was requested, it was about people and what things they wanted to see in the city.
- Submitter noted that there were only restaurants open in the evening, which did not provide options for people on a budget that also wanted to hang out in the city. Recently her 17-year-old cousin came to visit and wanted to do something for teenagers that did not involve alcohol, and there were very few options.

#### **(56) Submission 943 - Oscar Nathan - Tourism Bay of Plenty**

##### **Presentation**

##### **Key points**

- Cruise ships would be returning to New Zealand from 28 October 2022.
- Noted that many cities were '8-16' cities with a lot to do during the day but not much in evening - bringing life into the inner city would move Tauranga to a '16-8' city.
- 100% supportive of city centre redevelopment and excited where it was heading.

- Had a close working relationship with Council and mana whenua and noted there were lots of opportunities coming from there.
- Wayfinding and storytelling – an urban centre could really make a statement globally casting a regenerative lens on a sustainable city –not just a better experience but creating experiences to sell and for people to become involved with.
- Distinctiveness of wayfinding opportunities important e.g., a journey from walking and wayfinding signage from a walking or cycling perspective.
- Intended to put a wayfinding committee together – Napier was a good example with art deco and how to bring culture to storytelling.
- Sustainable cities included greening buildings, water to cool buildings and urban farming; there were ways to bring ownership and life into the city.
- There were programmes in a number of cities around the world – six key steps – make it easy to get around without a car, add EV stations, provide access to public resources and green spaces, implement green architecture and support urban farming, improved water conservation and waste management.

#### **In response to questions**

- Chairperson noted that she had been involved in the Napier wayfinding and agreed the development provided huge opportunities.
- Potential around technology and opportunities for story telling - even on a bus advancements like this were important.

### **13 DISCUSSION OF LATE ITEMS**

Nil

### **14 PUBLIC EXCLUDED SESSION**

Nil

### **15 CLOSING KARAKIA**

The Chairperson thanked Huria Marae for the use of the premises for the meeting, it was an excellent venue and they were the perfect hosts.

Commissioner Shadrach Rolleston gave the closing karakia.

**The meeting closed at 5.03 pm.**

**The minutes of this meeting were confirmed as a true and correct record at the Ordinary Council meeting held on 23 May 2022.**

.....  
**CHAIRPERSON**

**8      DECLARATION OF CONFLICTS OF INTEREST**

**9      DEPUTATIONS, PRESENTATIONS, PETITIONS**

Nil

**10     RECOMMENDATIONS FROM OTHER COMMITTEES**

Nil

## 11 BUSINESS

### 11.1 Long-term Plan Amendment/Annual Plan 2022/23 Deliberations

**File Number:** A13423792

**Author:** Josh Logan, Team Leader: Corporate Planning  
Kathryn Sharplin, Manager: Finance  
Tracey Hughes, Financial Insights & Reporting Manager

**Authoriser:** Paul Davidson, General Manager: Corporate Services

#### PURPOSE OF THE REPORT

1. This report is presented to Council to deliberate on the issues raised and feedback received throughout the consultation period and hearings.

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#### RECOMMENDATIONS

That the Council:

- (a) Receives the report.
- (b) Includes in the final drafting of the Annual Plan 2022/23 the resolutions relating to the following reports:
  - (i) Executive Report to the Annual Plan
  - (ii) Annual Plan 2022/23 Deliberations - Issues and Options other feedback and suggestions
  - (iii) Rating Policy Proposals
  - (iv) Tsunami Sirens
- (c) Includes in the final drafting of the Long-term Plan Amendment the resolutions relating to the following reports:
  - (i) Long-term Plan Amendment Deliberations - Civic Precinct Issues and Options Report
  - (ii) Transport System Plan - Infrastructure Funding and Financing Proposal
  - (iii) Tauriko West - Infrastructure Funding and Financing Proposal
- (d) Notes staff comments on submissions relating to user fees and charges in **Attachment 2**.
- (e) Notes that the final User Fees and Charges 2022/23 document will be reported for adoption to Council at its meeting on 27 June 2022.

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#### EXECUTIVE SUMMARY

2. The 2022/23 draft Annual Plan had rate requirement of \$270m and a total capital budget of \$303m. The rate increase was similar to what was in year two of the Long-term Plan (LTP) which had a rate requirement of \$268m and a capital budget of \$370m. The 2022/23 Annual Plan updates are based around the re-phasing of projects agreed in the LTP and operational cost and revenue adjustments in delivering the level of service in the LTP. Therefore, the annual plan consultation focused predominately on Tsunami sirens and the proposed rating policy changes to the commercial differential on the general rate and transport targeted rate.
3. At its meeting of 24 March 2022, Council adopted the consultation document and supporting documents for the proposed Long-term Plan Amendment (LTPA) and Annual Plan 2022/23 with the consultation period between 25 March and 26 April 2022. The consultation

document presented three key areas for consideration outlined in the discussion section below.

4. Council received 1,181 submissions. Noting that submissions are numbered sequentially when they are processed and that they run from 1 to 1197. The difference between the two numbers is because there were duplicates, or administrative errors upon entering submissions, or the submission was withdrawn by the submitter. Nine of those submissions were 'late'. All submissions received have been analysed in the reports on the consultation topics.
5. This report is presented to Council to deliberate on the issues raised and feedback received throughout the consultation period and hearings. There are various issues and options reports and an executive report. From the Executive Report various minor changes have been made to the budgets. With the rates requirement remaining as per the consulted draft with minor adjustment to the capital programme to \$298m.

## BACKGROUND

6. On **6 December 2021**, Council considered two reports on the Civic Precinct Masterplan and the key issues and proposed approach to the Annual Plan 2022/23. As part of the Civic Precinct Masterplan report council approved the preparation of a Long-term Plan Amendment alongside the annual plan.
7. In the second report on the Annual Plan, in addition to agreeing on the approach and timeline Council, also resolved to:
  - Agree to redirect \$1.1m debt retirement proposed for stormwater debt in 2023 to instead retire \$1.1m of debt associated with existing unfunded liabilities
  - Note that in future Annual Plan processes the portion of stormwater debt retirement above \$1.3m per annum proposed in subsequent years of the LTP could be diverted to retire debt associated with unfunded liabilities until that debt is extinguished.
  - Note that the review of aspects of the rating structure agreed as part of the 2021-31 Long-term Plan deliberations is continuing with a view to implementing changes to the current rating approach in the 2022/23 year.
  - Note that there is increased supply and cost pressures since the 2021-31 Long-term Plan was adopted that will be factored into the upcoming Annual Plan.
8. On **13 December 2021**, Council considered the indicative draft budget for the Annual Plan 2022/23. Council endorsed, in principle, the Annual Plan draft budget for capital and operations as summarised in the attachment to the report.
9. In addition, Council
  - Confirmed the funding mix for general rates, stormwater, resilience and community targeted rates between the commercial/industrial sector and the residential sector will at least be maintained at 76%/24% once the property revaluation process on capital values is completed for the 2022/23 financial year
  - Endorsed the principle that the benefits provided by the transport activity be further considered in February 2022, to more fairly allocate rate revenue funding between the commercial/industrial sector and residential sector, for inclusion in the draft 2022/23 draft Annual Plan.
  - Consult with the community during the 2022/23 Annual Plan process on how best to transition to a higher differential for the commercial/industrial sector to align with benefits received from council investment to ensure the rate funding mix is better balanced across all its activities.
10. On **8 February 2022**, Council was presented with issues and options papers on matters relating to budget decisions for the annual plan. Decisions considered through these were

amendments to budgets for capital projects for the Spaces and Places activity and also a decision was made to consult on the Tsunami Sirens project.

11. On 21 February 2022, Council was presented with reports on the following items:
  - Draft Annual Plan 2022/2023
  - 2022/2023 - Draft User Fees and Charges
  - Annual Plan - Rating Policy Proposals
  - Long-term Plan Amendment Update
  - Civic Precinct Options for Long Term Plan 2021-31 Amendment Consultation
12. In relation to the Annual Plan for 2022/23, along with receiving the report Council resolved the following:
  - (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.
13. The 2022/2023 - Draft User Fees and Charges report was left to lie on the table and asked that further work be undertaken to consider a higher rate of inflation (as 2.9% had been used as per what was in the Long-term Plan) and also ensure that those using the services paid their fair share. This work was to be reported back at the next meeting on 28 February 2022.
14. A report on rating policy proposals was then considered and through this Council resolved to:
  - (i) Approve 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) Approve 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) Acknowledge staff will continue to look at further options for the appropriate rating of the commercial and industrial sectors.
15. The Long-term Plan amendment update agreed 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 28<sup>th</sup> 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.
16. Finally, the Civic Precinct Options for Long Term Plan 2021-31 Amendment Consultation were considered, and Council resolved to:
- (a) Receive the report 'Civic Precinct Options for Long Term Plan 2021-31 Amendment Consultation'.
  - (b) Agree 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) Approve 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) Approve \$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) Note 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.
  - (f) Note that staff will report back with a full cost refresh prior to the deliberations on the Long-Term Plan Amendment following the consultation process.
17. On **28 February 2022**, the final reports prior to the preparation of the consultation material were considered. Included were:
- Long-term Plan Amendment Financials
  - 2022/2023 - Draft User Fees and Charges
18. The first report on the Long-term Plan Amendment Financials considered the effect on Council financials and the financial strategy of the proposed 2021-31 Long-term Plan Amendment for the Civic Precinct and Infrastructure Funding and Financing initiatives. Through this Council agreed to:
- (i) Proposed updates to the draft financials for the proposed 2021-31 Long-term Plan Amendment,
  - (ii) Include the proposed Crown Infrastructure Partners Levies within the Long-term Plan amendment with offset adjustments to transportation targeted rates applying from 2025,
19. The updated user fees and charges report was considered again with a higher rate of inflation (5.9%) applied. Council approved the user fees for consultation and also agreed to include in the annual plan an overall rates increase, including water volumetric charging of 13.7%. Noting that excluding water volumetric charging the overall rates increase is 13%.
20. The Long-term Plan Amendment and draft Annual Plan 2022/23 have been produced in line with the above resolutions. In addition, further debt retirement has been able to be reduced across other activities as well as transportation as a result of improved balance sheet capacity across early years of the LTPA. This improvement has been enabled by a



combination of a rephased capital programme, additional subsidies and grant revenue and IFF off balance sheet arrangements.

21. A consultation document has been produced accordingly which aims to consult with the community regarding Council's preferred approach for Civic Precinct Master Plan, Infrastructure Funding and Financing Act proposals, proposed changes to the commercial differential (within the general rate and transport targeted rate), Tsunami sirens project and the proposed budget for 2022/23.
22. Finally, noting that the above recommendations for 2022/23 have resulted in a median residential rate increase of 9.2% and median commercial rate increase of 24%. Also included in the changes are the changes in the commercial general rate differential to from 1:1.6 to 1:1.9 and the transportation targeted rate differential move from 1:1.6 to 1:3.33 in 2022/23.
23. On **24 March 2022**, Council resolved to consult from 24 March to 26 April 2021 on the Long-term Plan Amendment and draft Annual Plan.
24. 1,181 submissions were received from individuals and organisations.
25. A total of 55 submitters spoke at hearings between 9-11 May 2022 in support of their submissions.

## DISCUSSION

26. Community consultation on the Long-term Plan Amendment was undertaken from 25 March to 26 April 2022, in conjunction with consultation on the draft Annual Plan 2022/23. A Consultation Document was developed to form the basis of community consultation on both processes, with the Long-term Plan Amendment section of the Consultation Document including an independent Audit Report.
27. The consultation document presented three key areas for consideration:
  - i. For the Long-term Plan Amendment
    - a. Options for the civic precinct development
    - b. Applying for IFF funding for:
      - i. Western Bay of Plenty Transport System Plan
      - ii. Tauriko West urban growth area
  - ii. For the Annual Plan 2022/23
    - a. How quickly should we change the commercial differential on the general and transportation targeted rate
    - b. Preferred option for Tsunami preparedness
  - iii. Any other comments
28. During the consultation phase, Council undertook a total of 15 events (mixture of public and targeted) from 30<sup>th</sup> March to 13<sup>th</sup> April. These events were preceded by an all-staff session on 29<sup>th</sup> March hosted by the CE and the Commissioners.

The public events took place in the following communities/places:

- Matua
- Matapihi
- Greerton
- Welcome Bay
- Crossing Mall/Lakes
- Papamoa (at the markets and surf lifesaving club)
- As well as an online session via live Teams event.

The targeted events took place with the following groups/stakeholders:

- Mount Residents, Retailers and Businesses

- Export NZ Committee
- Business community
- Tauranga Māori Business Association
- Envirohub
- Tauranga Migrant Settlement Network
- Socialink
- Papamoa Residents and Ratepayers Association.

29. Feedback received on these issues is presented further below.

### EXTERNAL SUBMISSIONS

30. In total 1,181 formal submissions were received on the two planning processes during the month-long consultation. A total of 55 submitters spoke at hearings between 9-11 May 2022 in support of their submissions. Further community feedback, including informal feedback received at community events and via social media is included in a report titled “Engagement Insights” on this agenda.
31. From the 1,181 submissions received, 627 provided a response to question one regarding which option was their preference for the development of the **Civic Centre**.
32. 549 submitters did not choose an option on the form but provided their feedback. Of these 549 submitters, 419 submitters were in support of the Tauranga Ratepayers Association submission which rejects both option 1 and option 2.
33. The key themes from submissions are further outlined in report titled “Long-term Plan Amendment Deliberations - Civic Precinct Issues and Options Report” on this agenda.
34. These submissions have been categorised as presenting the following positions:

Question	Count
Option 1 (preferred option): Option 1: Te Manawataki o Te Papa (Civic Precinct) Masterplan (Refreshed 2021) at an estimated capital cost of about \$303 million, subject to achieving 50% of the required funding from sources other than rates-funded debt. Estimated net cost to ratepayers of \$151.5 million.	450
Option 2: Civic precinct projects and services currently included in the Long-term Plan 2021-31 (modified status quo option with updated costings) at an estimated capital cost of just under \$127 million.	128
No Opinion	50
No Response (419 in support of Tauranga Ratepayers Alliance which rejects both options)	553
<b>Total</b>	<b>1,181</b>

35. From the 1,180 submissions received, 595 provided a response to question two regarding which option was their preference for funding the **Western Bay of Plenty Transport System plan**.
36. The key themes from submissions are further outlined in report titled “Transport System Plan Infrastructure Funding and Financing Proposal” on this agenda.
37. These submissions have been categorised as presenting the following positions:

Question	Count
Option 1: (preferred option) Apply for IFF funding to contribute \$200 million to the delivery of Western Bay of Plenty Transport System Plan projects, funded by an annual levy on all eligible properties (subject to competitive financing and Government approval).	481

Question	Count
Option 2: Status quo - Do not proceed with an IFF arrangement and retain the higher transport targeted rate and other rating for debt repayment, as presented in the 2021-31 Long-term Plan.	115
No Response	585
<b>Total</b>	<b>1,181</b>

38. From the 1,180 submissions received, 599 provided a response to question three regarding which option was their preference for funding **Tauriko West**.
39. The key themes from submissions are further outlined in report titled “Tauriko West - Infrastructure Funding and Financing Proposal” on this agenda.
40. These submissions have been categorised as presenting the following positions:

Question	Count
Option 1: (preferred option) Apply for IFF funding to contribute to Tauriko West infrastructure, funded by an annual levy on the properties which benefit from that investment (subject to a competitive finance rate and Government approval).	501
Option 2: Status quo: do not proceed with an IFF arrangement and fund the development, when possible, via the council's usual funding methods (development contributions).	99
No Response	581
<b>Total</b>	<b>1,181</b>

41. From the 1,180 submissions received, 604 provided a response to question four regarding which option was their preference for how quickly we should change the **commercial differential** on the general and transportation targeted rates.
42. The key themes from submissions are further outlined in report titled “Rating Policy Proposals” on this agenda.
43. These submissions have been categorised as presenting the following positions:

Question	Count
Option 1: Increase over one-year (from current 1:1.6 differential to 1:2.13 (general) and 1:5 (transport targeted rate) for 2022/23).	95
Option 2: (preferred option) A phased increase over two years (from current 1:1.6 differential to 1:1.9 (general) and 1:3.33 (transport targeted rate) for 2022/23).	345
Option 3: A phased increase over three years (from current 1:1.6 differential to 1:1.8 (general) and 2.51 (transport targeted rate) for 2022/23).	106
Option 4 (status quo): No change (keep the general and targeted commercial differential at 1:1.6 for 2022/23)	59
No Response	576
<b>Total</b>	<b>1,181</b>

44. From the 1,180 submissions received, 626 provided a response to question five regarding which option was their preference for **Tsunami preparedness**.
45. The key themes from submissions are further outlined in report titled “Tsunami Sirens on this agenda.

46. These submissions have been categorised as presenting the following positions:

Question	Count
Option 1: (preferred option) continue investing in education, awareness and supporting community networks to ensure more isolated or vulnerable members of the community are supported.	493
Option 2: Implement a tsunami siren project, at a total cost of \$3.9 million in capital expenditure and \$209,000 per annum in ongoing operating expenditure.	133
No Response	555
<b>Total</b>	<b>1,181</b>

47. The remaining submission responses that require a decision of council are on this agenda as an Issue and Options paper in a separate report. All submissions that only required a comment response from Council are being worked on separately and will be presented for review and adoption at the meeting on 27 June.

### CURRENT FINANCIAL POSITION

48. Following the revisions to operational and capital costs proposed in the executive report, the Annual Plan budgets show some expenditure movements from the annual plan consultation document. The rates level remains at \$270m overall, including water by meter revenue of \$39m. The total OPEX has been increased by \$21m from the draft which includes:
- carryforward expenditure and
  - adjustments to employee costs, interest and electricity to reflect changes in market conditions and requirements to deliver
  - various other minor changes outlined in the executive report.
49. The expenditure increases have not resulted in an increase in rates requirement due to the use of loan funding and prior year surpluses where appropriate, and some activities being self-funded through user fees.
50. The total capital budget is \$298m which is a reduction of \$5m from the draft.
51. The key financials are below:

#### Key Financials for Annual Plan 2022-2023

	LTP 2023	Draft AP 2023	AP 2023	2023 Variance to LTP
Capital Programme	370	303	298	(72)
Other capital*	24	24	23	(1)
Net Debt (\$m)	952	870	883	(70)
Debt to revenue ratio (inc BVL Revenue)	220%	194%	186%	-34%
Financial Limit on Borrowing (debt to revenue ratio)	295%	295%	295%	0%
Total Rates (\$m)	268	270	270	3
Total Rates Increase (net growth)	12.4%	13.7%	13.7%	1.3%

\* Net land sales and capital delivered by others (vested assets and Waka Kotahi Tauriko West payments).

52. No changes have been made to the LTPA financial position from that consulted on.

### USER FEES AND CHARGES

53. There were four (4) submissions that related to the proposed user fees and charges. These are presented along with a proposed Council response in **Attachment 2**.

54. The first submission (#37) that made broad comments were that user fees should be amended to support the businesses, persons financial situations to make it fairer and cost effective for the user(s) as not to cause financial hardship to the user(s).
55. The second submission (#858) requested that fee for commercial markets on public open space at \$250 rather than the proposed increased fee of \$300.
56. The third submission (#951) queried why the charge for landing a helicopter at the airport was cheaper than the 3–4-hour car parking charge.
57. The fourth submission (#1072) requested that stronger monitoring and enforcement is undertaken for inner city parking.
58. Council staff have made no amendments to the user fees and charges as a result of submissions received.

## STRATEGIC / STATUTORY CONTEXT

59. This report is prepared in response to submissions on the consultation document on the Long-term Plan Amendment and Annual Plan 2022/23. The process for preparation of a Long-Term Plan Amendment and the Annual Plan is set out under the Local Government Act 2002.

## LEGAL IMPLICATIONS / RISKS

60. The Long-term Plan Amendment must be prepared in accordance with the Local Government Act 2002
61. The Annual Plan is Council's resource-allocation document for the year ahead.
62. Legally, the purpose of the Annual Plan is set out in section 95(5) of the Local Government Act 2002 ("the Act") as being to:
  - (a) *contain the proposed annual budget and funding impact statement for the year to which the annual plan relates; and*
  - (b) *identify any variation from the financial statements and funding impact statement included in the local authority's long-term plan in respect of the year; and*
  - (c) *provide integrated decision making and co-ordination of the resources of the local authority; and*
  - (d) *contribute to the accountability of the local authority to the community.*
63. The Act also requires, at section 95(6), that the Annual Plan be prepared in accordance with the principles and procedures that apply to the 2021-31 Long-term Plan.

## SIGNIFICANCE

64. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
65. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
  - (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  - (b) any persons who are likely to be particularly affected by, or interested in, the proposal.
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.

66. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the decisions are of high significance.

### ENGAGEMENT

67. Taking into consideration the above assessment, that the decisions are of high significance, but are part of a formal consultation process so that officers are of the opinion that no further engagement is required prior to Council making a decision.

### NEXT STEPS

68. Following Council's decisions, the Long-term Plan document will be amended including any changes as a result of deliberations and will be audited and then presented for adoption by Council on 27 June.
69. Concurrently, the final Annual Plan 2022/23 will be prepared, including any changes as a result of deliberations, and will also be presented for adoption by Council on 27 June.

### ATTACHMENTS

1. **Annual Plan Summary Financials - A13496912** [↓](#)
2. **Fees and Charges - A13475462** [↓](#)



Forecast Statement of Comprehensive Revenue and Expense							
	2022 All of Council LTP Budget (000's)	2023 All of Council LTP Budget (000's)	DRAFT 2023 Annual Plan	2023 Annual Plan	2023 Variance Final to LTP	2023 Variance to Draft	Variance Explanation vs LTP (variance to draft in red)
REVENUE							
OPERATING REVENUE							
Rates	234,278	267,631	270,364	270,363	2,732	()	
Grants & Subsidies	11,652	10,340	10,676	9,153	(1,186)	(1,523)	Increase in subsidies for Sustainability & Waste offset by \$1.5m reduction in assumed NZTA subsidy
Fees & Charges	53,771	55,817	60,065	61,374	5,556	1,309	Regulatory +\$1.7m; increase in Airport and other commercial rentals +\$723k; Parking fees +\$700k; Forestry income +\$661k (delayed from 2022); +\$720k Elder Housing Revenue due to delay in sale; +\$500k recoveries in Water services
Finance Revenue	1,472	1,425	2,881	3,781	2,356	900	Increase in forecast term deposit revenue due to both rates and quantum.
TOTAL OPERATING REVENUE	301,173	335,213	343,985	344,671	9,458	686	
ASSET DEVELOPMENT REVENUE & OTHER GAINS							
Development Contributions	26,860	34,993	34,993	34,993	0	0	
Other Gains	1,326	1,380	1,380	1,380	0	0	
Grants, Subsidies & Other Capital Expenditure Contributions	57,659	73,585	79,718	104,668	31,082	24,949	NZTA subsidy increase \$3m reflecting changes to capital programme; subsidies for Sustainability & Waste +\$738k; + contributions for Civic Centre
Vested Assets	21,608	25,482	25,482	23,795	(1,687)	(1,687)	
TOTAL ASSET DEVELOPMENT REVENUE & OTHER GAINS	107,454	135,441	141,574	164,837	29,396	23,263	
TOTAL REVENUE	408,627	470,654	485,559	509,508	38,854	23,949	
EXPENSE							
OPERATING EXPENDITURE							
Personnel Expenses	78,588	85,505	88,846	92,352	6,847	3,505	Salaries increases including the new Civic Precinct support activity and bringing two maintenance contracts in-house. Increase in temporary staff in Building Services.
Depreciation & Amortisation Expenses	71,338	81,374	74,935	75,254	(6,121)	318	Now reviewed to align with 2020/21 revaluations and updated capital programme
Finance Expenses	21,466	26,758	26,425	31,389	4,632	4,964	Opening debt balance updated and interest rates increased for new and refinanced debt to align with current market indications.
Other Operating Expenses	154,961	154,700	171,302	183,148	28,448	11,846	Waters R&M +\$1.8m, Insurance +\$1.9m (professional indemnity and due to significant asset revaluation), Civic Precinct support +\$900k, some loan-funded, BVL & Community development grants +\$3.6m, Biosolid provision expense +\$5m (timing change), Consultancy \$7m including placeholders relating to reform and other initiatives. Carry forward expenditure (and funding) from 2022 for Community Partnerships and BVL grants \$5.2m, electricity increase (coming off hedge) \$2.1m, city events \$0.4m, and various other \$0.5m.
TOTAL OPERATING EXPENDITURE	326,354	348,337	361,510	382,143	33,805	20,633	
NON OPERATING EXPENDITURE							
Other Losses	0	0	0	0	0	0	
Unrealised Loss on Interest Swaps	0	0	0	0	0	0	
Provisions Expense	1,200	1,200	1,200	1,200	0	0	
TOTAL OTHER EXPENSES	1,200	1,200	1,200	1,200	0	0	
TOTAL EXPENDITURE	327,554	349,537	362,710	383,343	33,805	20,633	
SURPLUS/(DEFICIT) BEFORE TAX	81,073	121,116	122,849	126,165	5,049	3,316	
OTHER COMPREHENSIVE REVENUE & EXPENSE							
Asset Revaluation Reserve Gains/(Losses)	164,950	161,046	161,046	161,046	0	0	
OTHER COMPREHENSIVE REVENUE & EXPENSE	164,950	161,046	161,046	161,046	0	0	
TOTAL COMPREHENSIVE REVENUE & EXPENSES	246,023	282,162	283,895	287,211	5,049	3,316	

**USER FEES AND CHARGES**

Submission	Name or Organisation	Summary of submission points raised	Council's proposed response
37	Rosemary Garaway	<ul style="list-style-type: none"> <li>Submitter feels user fees should be amended to support the businesses, persons financial situations to make it fairer and cost effective for the user(s) as not to cause financial hardship to the user(s).</li> </ul>	<p>Council's user fees and charges enable the actual and reasonable costs of council's services to be suitably contributed to by those who directly benefit from the service.</p> <p>Council's general approach is to reduce the burden on the ratepayer by utilising a 'user pays' approach. Therefore, where a service user can be identified, they will pay for that service through a user fee or charge. This approach requires a greater percentage of the costs of an activity to be recovered from service users.</p>

**Other submissions that align with this theme**

Submission	Name or Organisation	Summary of submission points raised	Council's proposed response
858	Louella Carr	<ul style="list-style-type: none"> <li>Submitter wants to keep fee for commercial markets at \$250.</li> </ul>	<p>The proposed increase is due to increasing staff time spent on markets in the city. Staff time involves supporting market organisers to work through the approval process, including licencing, traffic management, waste minimisation plans, H&amp;S requirements and also includes staff audits to monitor activity in public places to ensure they are adhering to their plans and providing assistance and ideas for continuous improvement. If markets are run by a community group who are not for profit the fee is only \$100.</p> <p>While Council supports commitment to the environment, the ability to discount could become too subjective. Its therefore proposed we continue to keep two market fees - either commercial or not for profit. We encourage sustainable practices as part of the approval process.</p>

**Other submissions that align with this theme**



Submission	Name or Organisation	Summary of submission points raised	Council's proposed response
951	Chris Wood	<ul style="list-style-type: none"> <li>• Submitter thinks that it seems odd that landing a small helicopter at the airport costs less than parking a car there for three hours; and why are all airport charges frozen for this year when almost everything else has gone up.</li> </ul>	<p>We thank you for your comments but feel that the two charges you have used for your comparison do not correlate. As a helicopter is likely to land and take off multiple times in a day meaning it would attract a larger charge than the car that is parked for three hours in the airport car park.</p> <p>Airport parking fees are still comparable with the average fees of five other regional airports and the majority of the increases result in fees that are less than the average of the other five regional airports. Airport parking fees, in particular the short-term car parks have been increased to encourage those living within a close proximity to the airport to use taxis or other means to get to the Airport rather than using the parking facilities, whilst still making it a viable option for those living further afield. Short term fee increases of 50% represent increases of \$1 to \$5 in total and are still \$3 to \$6 less than the average of the five regional airports.</p> <p>Landing charges for light aircraft are due for review in 2023. At present, we are 20% above the average price of regional airports. A regular review of landing fees is carried out every 5 years and the review is not due this year. Charges for regular passenger transport aircraft are agreed upon with operators based on an industry recognised pricing model based on individual airport costs.</p>

**Other submissions that align with this theme**

Submission	Name or Organisation	Summary of submission points raised	Council's proposed response
1072	Fiona Corkery Mainstreet Tauranga Incorporated	<ul style="list-style-type: none"> <li>• Submitter asks that stronger monitoring and enforcement is undertaken for inner city parking.</li> </ul>	<p>The current enforcement method using License Plate Recognition (LPR) to monitor and enforce time restrictions is internationally proven to be the most effective way to identify and address offending. Low Government set infringement fees do not support compliance and recidivist offending is ongoing in the CBD. Until on-street paid parking is implemented and off street parking is competitively priced recidivist offending will continue as it is often cheaper to receive a fine than pay to use an off-street parking facility. Our Current enforcement methods can be adapted to monitor and enforce park parking offending and carries a high fine of \$40 in comparison with the current \$12-\$15. The implementation of a second LPR is recommended to increase the offence detection rate.</p>

**Other submissions that align with this theme**

## 11.2 Long-term Plan Amendment Deliberations - Engagement Insights

**File Number:** A13481621

**Author:** Ceilidh Dunphy, Community Relations Manager

**Authoriser:** Paul Davidson, General Manager: Corporate Services

### PURPOSE OF THE REPORT

1. This report presents the informal feedback gathered through the Long-term Plan 2021-31 Amendment and Annual Plan 2022 consultation.
2. It also summarises the social media and traditional media reach of the Long-term Plan 2021-31 Amendment and Annual Plan 2022 campaign.

### RECOMMENDATIONS

That the Council:

- (a) Receives the report Long-term Plan Amendment Deliberations – Engagement Insights

### EXECUTIVE SUMMARY

3. Council captured extensive informal feedback during the 'It's time' campaign from 25 March to 26 April 2022. Some of this was through face-to-face conversations with commissioners and staff in the community; some of it was through more formal question and answer sessions at community events; and some of it was through social media channels. This report gives a voice to that informal feedback because there are many in the community who will never make a formal submission, but their opinions matter and it is important that these are also captured to help inform decision making.

### BACKGROUND

#### Events

4. The commissioners hosted 15 events (mixture of public and targeted) across the city from 30th March to 13th April.
5. The formal events included a presentation by the commissioners followed by questions from the floor. Attendees were also asked to vote for their preferred option for the proposed civic precinct by putting a marble in the jar of their choice.
6. The less formal events involved the commissioners fronting council stands at community markets and malls and engaging with passers-by.
7. The following table outlines overall attendance and number of marble votes for Civic Precinct Option 1 and Option 2.

Overall number of event attendees	Option 1 marbles	Option 2 marbles
372	191	12

**Things to note and take into consideration:**

- A small number of people put in two marbles - one as an individual and one on behalf of the group they represented
- There was no way to accurately capture the number of people who engaged at stalls at the Papamoa Markets and Tauranga Crossing Mall so these numbers are not included in the overall number of event attendees
- Some of the events, such as the online events, didn't have marble jars so the number of marbles does not represent votes from all of the event attendees
- Overall, 191 people voted for Option 1 compared to 12 people for Option 2.

**Heritage tours**

8. The community was invited to tour Tauranga's hidden taonga through a series of tours of the City's heritage collection, which is currently held in storage.
  - The tours completely booked out on the same day the website went live
  - There were 12 tours overall and they received very positive feedback from everyone who attended
  - The team are looking at how to make this a regular occurrence due to the demand.

**Social media**

9. Community Relations created 17 Facebook posts during the 'It's time' campaign feedback period. These included a combination of video and static posts, promoted posts (paid ads) and non-promoted posts on the council Facebook page.
10. The following table outlines the total reach, reactions, link clicks, comments and shares of all posts during the feedback period.

	Reach	Reactions	Link clicks	Comments	Shares
Non-promoted posts	181,845	815	10,136	746	61
Paid ads	164,974	398	1488	252	39
<b>Total</b>	<b>346,819</b>	<b>1213</b>	<b>11624</b>	<b>998</b>	<b>100</b>

**Things to note and take into consideration:**

- During the feedback period total post reach was 346,819. Post reach is the total amount of times a post or advert reached someone in our audience. Reach is not indicative of audience size because some posts may have reached the same person multiple times.
- Facebook has estimated the actual audience size to be between 158,000-186,000, which means it's likely that around 115,000 people saw at least one of our posts during the feedback period.
- As well as raising awareness, the 'It's time' campaign Facebook posts resulted in 998 comments or pieces of feedback, which is almost equal to the number of formal submissions received during the campaign.





- There was a lot of self-moderation from the community on comments, resulting in some good robust debate without council staff needing to moderate or get involved.

11. The tables below show the same data broken down into individual posts.







**1. Let's get the heart of our city pumping – Civic Precinct**

**Things to note and take into consideration (on the table below):**

- The pre launch and launch video featuring the commissioners, and the static post about student architect Jordan Hansen recorded the highest reach, comments and reactions of the non-promoted posts.
- Between them the two video posts reached about 42,500 people, had 3674 link clicks, 318 comments, 141 likes, 23 loves, and 2 angry reactions
- The static post about Jordan Hansen reached 21,148 people and had 899 link clicks, 43 comments, 130 likes, 41 loves, 1 haha and 2 wow reactions.
- In total the Civic Precinct posts reached 232,407 people and received 716 pieces of feedback, 721 likes, 103 loves, 115 haha, 6 wow, 4 sad and 15 angry reactions.

Topic	Post date	Reach	Link clicks	Comments							Total reactions
Pre-launch video: commissioners	24/03/2022	21,367	2520	224	88	14	42	1	2	1	148
Launch video: Tauranga, it's time.	25/03/2022	21,219	1154	94	53	9	13	0	0	0	75
Launch video	1/04/2022	5038	679	91	54	8	3	1	1	11	78
Launch video - paid	1/04/2022	68,848	730	100	171	9	37	1	0	2	220
Peri Kohu video	1/04/2022	2689	275	29	39	8	2	0	1	1	51
Vox pop 1 – Business orientated	1/04/2022	3418	385	10	28	4	1	0	0	0	33
Question post 1: let's get the heart of our city pumping	11/04/2022	6265	267	20	52	6	1	0	0	0	59
LTPA targeted paid adverts - Young professionals	14/04/2022	31,760	158	10	9	0	2	0	0	0	11
LTPA targeted paid adverts - Youth	15/04/2022	34,577	53	3	13	0	0	0	0	0	13
LTPA targeted paid adverts - Families	15/04/2022	3334	6	0	0	0	0	0	0	0	0
Vox pop 2 – Community orientated	16/04/2022	5416	680	41	35	1	8	1	0	0	45
Vox pop 3 – Business – orientated	19/04/2022	1903	94	2	15	3	0	0	0	0	18
Vox pop 4 – Community – orientated	21/04/2022	2328	202	19	9	0	1	0	0	0	10
Jordan Hansen – architect spotlight	22/04/2022	21,148	899	43	130	41	1	2	0	0	174
Vox pop 5 – Community – orientated	23/04/2022	2997	340	30	25	0	4	0	0	0	29
<b>Total</b>		<b>232,307</b>	<b>8442</b>	<b>716</b>	<b>721</b>	<b>103</b>	<b>115</b>	<b>6</b>	<b>4</b>	<b>15</b>	<b>964</b>







## 2. Finding new ways to pay for our Infrastructure – Infrastructure Funding and Financing (IFF)

Topic	Date	Reach	Link clicks	Comments							Total reactions
We think it's time to tackle housing shortages and traffic congestion, do you?	10/04/2022	6969	995	104	31	0	6	0	0	3	40

### Things to note and take into consideration:

- This post received good engagement reaching 6969 people and receiving 104 comments, 31 likes, 6 haha and 3 angry reactions. 995 people clicked the link for more information.

## 3. Equity and fairness in funding – commercial differential and transport targeted rate

Topic	Date	Reach	Link clicks	Comments							Total reactions
Let's be fair, Tauranga	20/04/2022	9631	1285	62	49	0	10	2	0	3	61

### Things to note and take into consideration:

- This post received more interest than the previous post about IFF funding, reaching 9631 people and receiving 62 comments, 49 likes, 10 haha, 2 wow and 3 angry reactions. 1285 people clicked the link for more information

**Informal feedback themes**

12. The following tables show some of the common themes raised via informal feedback at events and on social media

**1. Civic Precinct**

<b>Agreement the city centre needs to be revitalised</b>	In general people agreed the city centre needs to be revitalised. There were lots of comparisons to European cities and lots of really great feedback and ideas for how people would improve the CBD and what life would be like once it was complete.
<b>Get on and do it</b>	Quite a few people commented that we've been through this exercise lots of times already and nothing happens. From these people there was a general vibe of just get on and do it before prices rise again. Comments included the need to be bold and to do it once and do it properly.
<b>Lack of trust in council to deliver</b>	Some people referenced previous failed projects and voiced scepticism that the council would have the capability to successfully pull off a project of this scale. Some were sceptical that the proposal would make a difference and wanted to see more of a business case around how the proposal would bring investment into the city centre.  These people weren't against the intent of the proposal, just concerned about successful delivery of the project.
<b>Security of funding</b>	There were some questions about security of funding. People were concerned that funding for Option 1 wasn't guaranteed and that by looking for investment we could lose our autonomy.  Concerns were raised from some that accepting the Three Waters Reform Better Off Funding could tie us into the reform programme.
<b>Staying relevant</b>	Some people cautioned that the concept of a vibrant CBD may be outdated. People are choosing to shop online or visit malls and that perhaps we should be adapting too and investing in the suburbs rather than in the central city.
<b>Money better spent on other things</b>	Some people saw the proposal as extravagant and thought council should focus on transport and parking first. Comments made included how will people get to the city centre and where will they park?  Others asked what we were doing to make the city better to live in and were keen to see more investment in air pollution, climate change, better roads and services.
<b>The bigger picture</b>	There was a lot of interest in the holistic view of the city and how everything would be interconnected.

<b>Heritage and culture</b>	Some were opposed to the museum on the grounds that we'd already held a referendum. Others were very interested in understanding more about the city's past and sharing those stories with visitors and their children and grandchildren.
<b>Ensuring a wide range of views</b>	Some people noted that there has been an influx of professionals with young children to Tauranga and they wanted to know how we would capture those views and the views of younger people.
<b>Democracy</b>	There were quite a few comments for and against the return to democracy. These more political comments tended to be self-moderated by the community.

## 2. Finding new ways to pay for our infrastructure - Infrastructure Funding and Financing (IFF)

<b>It is still debt</b>	Some wanted clarification on the difference between this and any other kind of debt, i.e it feels like getting another credit card from a different bank.
<b>Paying more in the long run</b>	There were some questions around how this looked in the longer term, i.e. is it like a longer, fixed term mortgage where we pay more in the long run?
<b>Development contributions</b>	Some comments related to the fairness for ratepayers to underwrite development, i.e. why are they not paid by developers upfront?
<b>Solving one problem and causing another</b>	There was quite a bit of conversation about how adding more housing adds to congestion by bringing more people to Tauranga.
<b>Passenger rail</b>	The idea of passenger rail was raised quite a few times.



### 3. Equity and fairness in funding – commercial differential and transport targeted rate

<b>Cost of goods and services</b>	Some people said that residents may save on rates but the cost of goods and services will rise because the trades will need to recover fees, and the sector will need to put prices up.
<b>User pays</b>	Some people liked the idea of a user pay scenario, even if it did result in the cost of goods going up, rather than socialising the cost across the entire ratepayer population.

#### Media campaign

13. The main goal of the five weeks 'It's time' paid media campaign was to make sure council messaging was seen and heard across Tauranga, to drive submissions and feedback on proposed changes to the Long-term Plan 2021-31 and draft Annual Plan 2022.

- Digital ads were seen 461,342 times
- There were 19,747 video views on YouTube
- Radio ads were played 790 times
- Billboards were viewed 1.5 million times
- 10 press ads had the opportunity to be circulated to 400,815 homes/businesses.

#### Media Impact Score (MIS)

14. A total of 27 reports mentioned the civic precinct redevelopment in April 2022.
15. The majority of coverage was positive to very positive in tone (a combined 59% of the coverage). The MIS on the civic precinct reached 2.0 in April (a MIS of 0 is considered neutral, so 2 is moving into the 'positive' band). Moving the city's library, the potential for a museum and a range of conversations around arts and cultural developments boosted positive coverage. The cost of the Civic Precinct project was the main source of criticism.

#### STRATEGIC / STATUTORY CONTEXT

16. The informal feedback gathered through social media, traditional media and events is to help build a more complete picture when added to the feedback gathered through formal submissions.

#### SIGNIFICANCE

17. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
18. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
- the current and future social, economic, environmental, or cultural well-being of the district or region
  - any persons who are likely to be particularly affected by, or interested in, the .

- (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.

- 19. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the issue is of high significance, however the decision of receiving the Insights Report is of a low significance.

#### **ENGAGEMENT**

- 20. Taking into consideration the above assessment, that the decision is of low significance, and that formal public consultation has also occurred, officers are of the opinion that no further engagement is required prior to Council making a decision.

#### **ATTACHMENTS**

**Nil**

### 11.3 Long-term Plan Amendment Deliberations - Civic Precinct Issues and Options Report

**File Number:** A13428780

**Author:** Mike Naude, Director: Civic Developments

**Authoriser:** Gareth Wallis, General Manager: Central City Development

#### PURPOSE OF THE REPORT

1. This report presents the results of consultation on options for Te Manawataki O Te Papa, the Civic Precinct Masterplan implementation, through the Long-term Plan 2021-31 Amendment. It recommends that the Council approve Option 1 of the Long-term Plan Amendment Consultation Document for the implementation of Te Manawataki O Te Papa.

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#### RECOMMENDATIONS

That the Council:

- a) Receives the report Long-term Plan Amendment Deliberations – Civic Precinct Issues and Options Report.
- b) Approves Option 1 – Te Manawataki O Te Papa (Civic Precinct) Masterplan (Refreshed 2021) at a capital cost of \$303.4 million, for inclusion in the Long-term Plan Amendment 2021-31.
- c) Notes that whilst the total project cost is the same as the draft budget consulted on, there are a number of changes outlined in this report, including the addition of a temperature controlled archive within the library and community hub (not previously budgeted within the programme), and the removal of \$8 million for a waterfront playground, which is now budgeted as part of a separate Dive Crescent and Waterfront Reserve upgrade project.
- d) Notes that the programme of works is subject to achieving 50% of the required funding from sources other than rates-funded debt, with an estimated net cost to ratepayers of \$151.5 million. Each project will be subject to gateways recognised in resolution (e), prior to proceeding.
- e) Reconfirms that the Civic Precinct project is required to have appropriate governance arrangements, business cases, funding mix, and decision gateways for each key facility. Specific consideration before gateway approval is to be given to the following matters raised by the community through the Long-term Plan Amendment submissions process:
  - Size and scale of the individual facilities.
  - Opportunities to deliver facilities which are exemplar in terms of sustainability; and
  - Less concrete and softer, greener design elements.

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#### EXECUTIVE SUMMARY

2. Following an extensive engagement process from 25 March to 26 April 2022, the Council has received 1181 formal submissions to the proposed 2021-31 Long-term Plan Amendment (LTPA) and draft 2022/23 Annual Plan. One of the key questions posed through the Consultation Document sought the communities' views on the implementation of Te Manawataki O Te Papa.
3. The Council has received and read the full submissions received during consultation. This report outlines the views expressed by the community in submissions, including a summary

of key themes both in support of and opposed to Council's preferred proposal. Public hearings on these submissions were also held on 9 and 11 May 2022.

4. This report seeks to present the information available so the Council can make a decision for inclusion in the final LTPA, for adoption on 27 June 2022. It is recommended that the Council approve option 1 for Te Manawataki O Te Papa at a capital cost of \$303.4 million. Whilst the Council is asked to agree to the LTPA, it is noted that further programme gateways will allow for ongoing oversight and approval processes, as business cases and final designs are prepared.

## BACKGROUND

5. In 2018, the Council adopted the Civic Precinct Masterplan following extensive community consultation. The plan provided direction for the future development of the Council-owned site bounded by Willow, Hamilton, Wharf and Durham Streets; and the Council-owned site at 21-41 Durham Street, formerly known as the TV3 site. The 2018 Masterplan included a hotel, conference centre and a performing arts centre on the site at 21-41 Durham Street, and the Civic Administration Building, library and museum on the Willow Street site with connections through to Masonic Park. Extensive community consultation took place but for various reasons, the Civic Precinct Masterplan was not implemented at this time.
6. More recently, the Council included a budget of \$82.5m in the Long-term Plan (LTP) 2021-31 for the development of a new library and community hub on the Civic Precinct site, to promote learning and education, and an enhanced urban space to promote activation and entertainment.
7. Following the adoption of the LTP 2021-31, the Council issued a design brief to Willis Bond to prepare a Civic Masterplan Refresh to reflect the strategic decisions the Council had made as part of the LTP process, including; a decision to lease a new Civic Administration building at 90 Devonport Road, respond to public submissions in favour of a museum located on the Civic Precinct site, to reflect the history and cultural significance of the site to tangata whenua, and to tell the stories of Tauranga Moana.
8. Te Manawataki O Te Papa (Civic Precinct) Masterplan (Refreshed 2021) was prepared by Willis Bond in collaboration with mana whenua, including representatives from Ngai Tamarāwaho, Ngāti Tapu and Te Materāwaho, as represented by the Otamataha Trust. The refresh is an updated version of the Civic Masterplan developed in 2018 and includes facilities such as a Civic whare (public meeting house), museum, exhibition and events centre, library, hotel and a performing arts and conference centre. As part of the refresh, the masterplan has been expanded to include the waterfront reserve, between Hamilton and Wharf Streets, linking the water with the Civic Precinct via Masonic Park.
9. Te Manawataki O Te Papa was formally adopted by the Commission at the Council meeting on 6 December 2021. At the same meeting, Council requested a further report by February 2022 to enable the Commission to make a decision on inclusion of the full Civic Masterplan in a Long-term Plan Amendment (LTPA). Acknowledging that components of the Masterplan, to develop a new library and community hub, and associated urban space enhancements, had already been resolved through the LTP 2021-31, and work on these components was already commencing.
10. On 21 February 2022, the Council approved the development of an LTPA for the implementation of Te Manawataki O Te Papa, including public consultation from 25 March to 26 April 2022. The focus of consultation was intended to inform an understanding of the community's views regarding the delivery and timeframes for the additional components of the Civic Precinct Masterplan, not those components already consulted on and agreed through the LTP 2021-31.

## COMMUNITY CONSULTATION

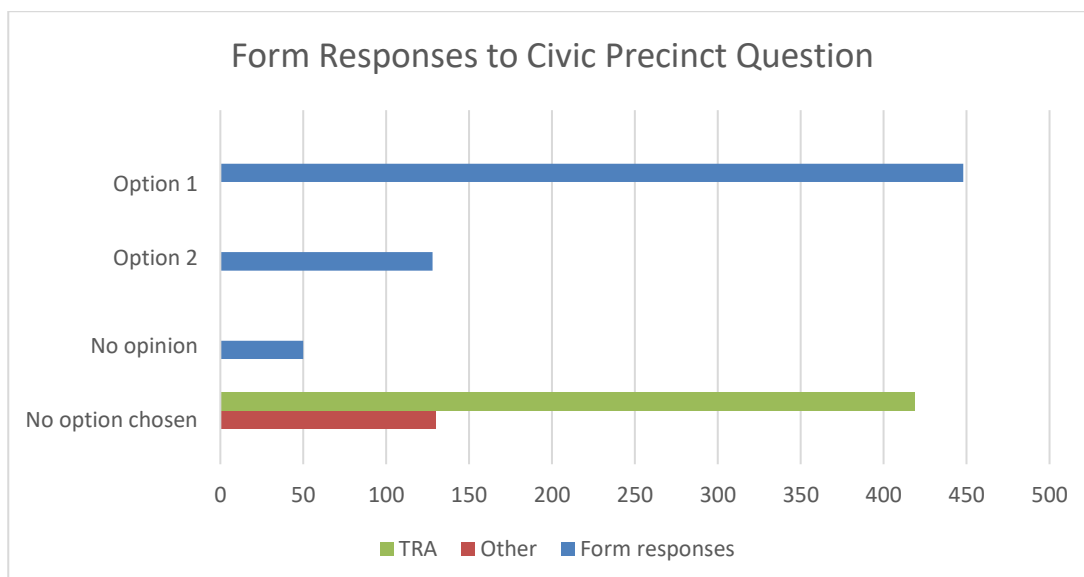
### Consultation Process

11. Community consultation on the LTPA was undertaken from 25 March to 26 April 2022, in conjunction with consultation on the draft Annual Plan 2022/23. A Consultation Document was developed to form the basis of community consultation on both processes, with the LTPA section of the Consultation Document including an independent Audit Report.
12. During the consultation phase, Council undertook a total of 15 events from 30 March to 13 April 2022. These included a mixture of meetings, drop-in sessions, online events, and stalls around the city. Some events were intended to seek the views of the general community, whilst others were targeted at key stakeholders.
13. The LTPA consultation sought to gather the views of the community specifically regarding the implementation of components of Te Manawataki O Te Papa (Civic Precinct) Masterplan not currently included in the LTP. The Consultation Document, utilised as the basis of community engagement, included the following question to garner community feedback:
  1. Which option do you prefer for the development of the Civic Precinct?
  1. **Option 1 (preferred option):** Te Manawataki O Te Papa (Civic Precinct) Masterplan (Refreshed 2021) at an estimated capital cost of close to \$303 million, subject to achieving 50% of the required funding from sources other than rates-funded debt. Estimated net cost to ratepayers of \$151.5 million.
  2. **Option 2:** Civic Precinct projects and services currently included in the 2021-31 Long-term Plan (modified status quo option with updated costings) as an estimated capital cost of just under \$127 million.
  3. **No opinion.**

### Overview of Submissions

14. In total, 1176 formal submissions were received during the month-long consultation, with five additional late submissions being received after the 26 April 2022 deadline. Council has resolved to receive these late submissions.
15. Of the total 1181 submissions received, 628 submitters provided a specific response to the question posed in the Consultation Document regarding Te Manawataki O Te Papa implementation (see Chart 1 below).

Chart 1: Formal feedback on Te Manawataki O Te Papa through the submission form



16. Of the 628 submitters who provided a response, 450 submitters (72%) supported Option 1 (Council's preferred option), 128 submitters (20%) supported Option 2 and 50 submitters (8%) chose 'no opinion'.
17. 549 submitters did not choose an option on the form but provided their written feedback on the topic. Of these 549 submitters, 419 submitters were in support of the Tauranga Ratepayers Association (TRA) submission, which rejects both Option 1 and Option 2.
18. The key themes from submissions are outlined in summary in the following section, and in more detail in Appendix 1. It should be noted that this report provides a summary of key points only and is not intended to replace or represent fully the submissions received by the Council. In addition, the summaries are broken down by either support or oppose Option 1 as this was the focus of the majority of submissions received on this topic.

### **Key themes from submitters in support of Option 1**

#### **19. *Support for City Centre rejuvenation***

Overall, there was a range of comments that show that some of the community are very supportive of the concept of revitalising the Civic centre. Comments included themes such as:

- Do it once, do it right
- Willingness to pay
- Concern about current CBD
- Upgrades needed for a vibrant CBD
- Build it and they will come
- Silent majority support
- A history of underinvestment.

#### **20. *Support for a museum and art gallery***

Many comments were received from submitters in favour of the museum and art gallery, with key themes including:

- Showcase, preserve and share our history
- Delivering community wellbeing
- Alternative museum location options
- National museum and art gallery facilities.

#### **21. *Feedback on the design of Te Manawataki O Te Papa***

Submitters who were in support of Option 1 had feedback regarding the design of the Civic Precinct, including feedback specifically regarding the 'artist impression' provided:

- A vibrant city centre
- A softer, greener, more sustainable design
- Connection to water
- A sustainable and resilient CBD

#### **22. *A range of amenities and facilities proposed***

Submitters suggested a number of ideas that they believe will enhance the Civic Precinct proposal:

- Specific community facilities and activities
- Prioritising the movement of people

- Enabling living in the city

23. *Concerns regarding accountability and process*

Some submissions referenced the process undertaken for the LTPA, and the structure and reporting in place around the proposal of Option 1:

- Project accountability and reporting
- Engagement process shortcomings
- Affordability for the community

**Key themes from submitters opposed to Option 1**

24. *Concern regarding the financial impact of Option 1*

Many submitters opposed to Option 1 shared concern about the proposed cost of the project and the cumulative impact on rates:

- Cost increases beyond budget
- Fiscal prudence
- Affordability for the community
- Impact on ratepayers

25. *Different perspective on prioritisation*

For many submitters there are other priorities that need to be addressed, before Council invest in a project that is considered by some to not be core Council business:

- Core infrastructure a priority
- Museum not a priority, or not in that location
- Waterfront rejuvenation a priority

26. *Engagement process not genuine*

In addition to views on the proposal, some submitters shared thoughts on the LTPA process:

- Consultation not sincere or appropriate
- Further consultation required

27. *Lack of accountability for a significant project*

Some submitters identified concerns regarding the robustness of a project of this scale, and the Council's ability to prudently manage and measure the outcomes of the project:

- Historic non-performance of Council
- Lack of business case or measure of success
- Accountability for project delivery
- Uncertainty of funding

28. *Fundamental flaw in proposal concept*

For some submitters, the proposal is not fit for future needs and the design is flawed. Additionally, the concept of creating a city precinct with centralised community facilities is fundamentally flawed in today's society:

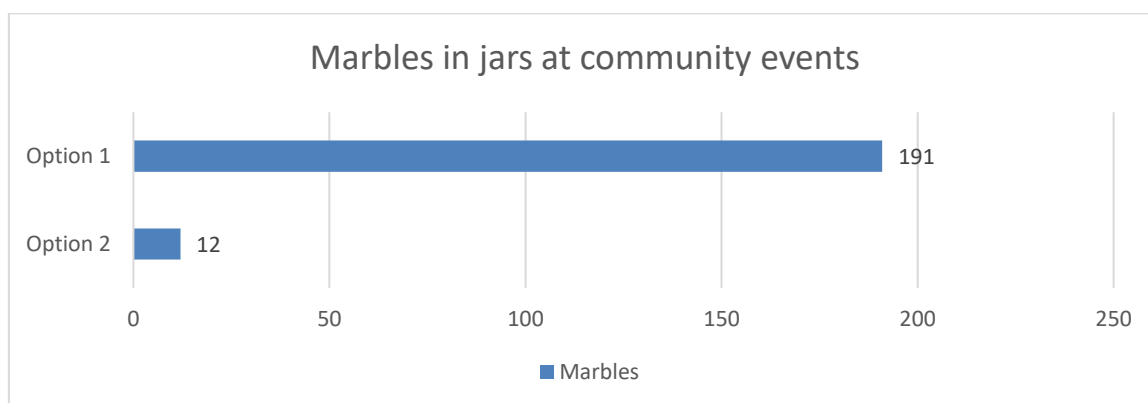
- Call for significant redesign of look, scale and sustainability
- Lack of value for ratepayers
- City centre less relevant than suburban centres
- Question the relevance of Te Manawataki O Te Papa

- Impact on CBD during construction
- Fundamental transport problems

### Overview of informal feedback

29. A comprehensive breakdown of informal feedback received at community events and via social media is included in the Long-term Plan Amendment Deliberations - Engagement Insights report on this agenda. The following outlines key feedback pertinent to the Civic Precinct consultation question.
30. At some events, attendees had an opportunity to place a marble in a jar to show whether they preferred Option 1 or Option 2; only two options were provided. The feedback is provided in Chart 2 (below) for information purposes.

*Chart 2: Informal feedback provided on Te Manawataki O Te Papa at events*



31. There were 15 Facebook posts on the Council's Facebook page between 24 March and 23 April 2022. This included a mixture of promoted posts (paid ads) and non-promoted posts, static posts and video, including vox pops featuring the community sharing their views. In total the Civic Precinct posts reached 232,407 people and received 716 pieces of feedback and 721 'likes', 103 'loves', 115 'haha', six 'wow', four 'sad' and 15 'angry' reactions
32. Table 1 (below) outlines some of the common themes raised via informal feedback at events and on social media:

*Table 1: Summary of informal feedback received on Te Manawataki O Te Papa*

Theme	Summary of feedback
Agreement the city centre needs to be revitalised	In general, people agreed the city centre needs to be revitalised. There were lots of comparisons to European cities, and lots of great feedback and ideas for how people would improve the CBD, and what life would be like once it was complete.
Get on and do it	Quite a few people commented that we've been through this exercise lots of times already and nothing happens. From these people, there was a general 'vibe' of just get on and do it before prices rise again. Comments included the need to be bold and to do it once and do it properly.
Lack of trust in council to deliver	Some people referenced previous failed projects and voiced scepticism that the council would have the capability to successfully pull off a project of this scale. Some were sceptical that the proposal would make a difference and wanted to see more of a business case around how the proposal would bring investment into the city centre.









	These people weren't against the intent of the proposal, just concerned about successful delivery of the project.
Security of funding	There were some questions about security of funding. People were concerned that funding for Option 1 wasn't guaranteed and that by looking for investment, we could lose our autonomy. Concerns were raised from some that accepting the Three Waters Reform Better Off Funding could tie us into the reform programme.
Staying relevant	Some people cautioned that the concept of a vibrant CBD may be outdated. People are choosing to shop online or visit malls and that perhaps we should be adapting too and investing in the suburbs rather than in the central city.
Money better spent on other things	Some people saw the proposal as extravagant and thought council should focus on transport and parking first. Comments made included how will people get to the city centre and where will they park? Others asked what we were doing to make the city better to live in and were keen to see more investment in air pollution, climate change, better roads and services.
The bigger picture	There was a lot of interest in the holistic view of the city and how everything would be interconnected.
Heritage and culture	Some were opposed to the museum on the grounds that we'd already held a referendum. Others were very interested in understanding more about the city's past and sharing those stories with visitors, and with their children and grandchildren.
Ensuring a wide range of views	Some people noted that there's been an influx of professionals with young children to Tauranga and they wanted to know how we would capture those views, and the views of younger people.

### STRATEGIC / STATUTORY CONTEXT

33. The LTP 2021-31 articulates *Putting the community at the heart of everything we do* as the foundation of the document. Whilst the LTP 2021-31 included a significant project to provide a new central library and community hub on Willow Street, it also acknowledged the need for wider investment in the city centre to enable it to become the major Civic, cultural, business, educational, residential, and commercial hub for the region.
34. Te Manawataki O Te Papa will begin to address this need for wider investment with clear strategic alignment with the various key council documents and work programmes that set the direction for our city centre, including our community outcomes.
35. A summary of how the delivery of Te Manawataki O Te Papa supports LTP 2021-31 community outcomes is provided in Table 2 (below).

Table 2: Alignment of Te Manawataki O Te Papa with community outcomes

Community outcome		Te Manawataki O Te Papa alignment with community outcomes
	We have a well-planned city – Tauranga is a city that is well planned with a variety of successful and thriving compact centres and resilient infrastructure.	Well planned Civic facilities that seamlessly interconnect with each other and the environment, creating improved amenity, accessibility and vitality.
	We support business and education – Tauranga is a city that attracts and supports a range of businesses and education opportunities, creating jobs and a skilled workforce	Stimulating vibrant and sustainable economic activity, including events, in the city centre that will attract new business and commercial activities as well as a talented and skilled workforce.
	We are an inclusive city – Tauranga is a city that recognises and promotes partnership with tangata whenua, and values culture and diversity, and where people of all ages and backgrounds are included, feel safe, connected and healthy.	Creation of 'sense of place' and 'pride' for Tauranga. Increase in wide range of community facilities that aim to connect our communities. Partnership approach with mana whenua in all aspects of design. Acknowledgement and celebration of the cultural significance of the Civic site and the telling of Tauranga Moana stories.
	We value and protect our environment – Tauranga is a city that values our natural environment and outdoor lifestyle, and actively works to protect and enhance it.	Integration of natural assets into all aspects of design to ensure appreciation of the natural beauty of the Civic site. Showcasing the waterfront through the creation of viewshafts and improved accessibility for all to value and enjoy.
	We can move around our city easily – Tauranga is a well-connected city, easy to move around in and with a range of sustainable transport choices.	Improved accessibility and mobility within the Civic centre, both between buildings and to the waterfront area.
	We recognise we are an integral part of the wider BOP region and upper North Island – Tauranga is a well-connected city having a key role in making a significant contribution to the social, economic, cultural and environmental well-being of the region.	Providing community and cultural facilities that are commensurate with being the fifth largest New Zealand city that enable Tauranga to attract major international and national events and activities.

36. Te Manawataki O Te Papa has clear strategic alignment with various other strategic documents, including:

- Urban Form and Transport Initiative (2020) – at the centre of the Urban Form and Transport Initiative (UFTI) is the Connected Centres Programme for the Western Bay of Plenty. This programme is built around four high frequency and dedicated public transport corridors, linking centres for work, learning and play. This report strongly aligns with city Civic development outlining that an increase in people living in the CBD and improved access to the harbour and amenities, will help create a city centre that has *“vibrancy and is a destination for residents and visitors alike”*<sup>1</sup>.
- Te Papa Spatial Plan (2020-50) – this plan sets the strategic direction for how we manage growth to meet future needs, opportunities, and challenges in Te Papa over the next 30 years. Specific projects for the city centre include streetscape improvements, waterfront redevelopment, Civic amenities, library and community hub and museum. Many of these outcomes and projects will be achieved through the Te Manawataki O Te Papa project, including assisting to achieve many of mana whenua’s cultural aspirations outlined in the Spatial Plan. In the business case sitting behind the plan, a key outcome (for the preferred way forward) was for an *“immediate focus on on-going city centre regeneration”*. As part of the business case development, a social infrastructure assessment was carried out. In essence, it showed that the greater investment in social infrastructure would have the most support for the business case benefits sought. In the city centre, this specifically included a new library, performing arts centre, streetscape, waterfront and Civic space improvements (recognising funding limitations).
- City Centre Spatial Framework (2017) – this document highlights the Civic Precinct as a key move for the city centre, and surrounding investment in streetscape.
- City Centre Strategy – this strategy is currently being refreshed and will be presented to Council for adoption in July 2022. Development of this strategy will occur in tandem with further work on Te Manawataki O Te Papa to ensure alignment, and it will reflect key themes and the outcomes of the Civic Precinct proposals.
- Marine Facilities Strategy – this strategy is currently under development and will guide the way our community and visitors access Tauranga Harbour, Te Awanui, in the future. Development of this strategy will occur in parallel with further work on the waterfront amenity projects that form part of Te Manawataki O Te Papa.

## OPTIONS ANALYSIS

37. Two options were provided within the LTPA Consultation Document:
- Option 1: Te Manawataki O Te Papa (Civic Precinct) Masterplan (Refreshed 2021) as it was formally adopted on 6 December 2021 at the Council meeting.
  - Option 2: Civic Precinct projects as currently planned for in the LTP 2021-31 (with updated costings).
38. A full analysis of each proposal, including a cost benefit analysis, was included in the Council report on 21 February 2022 entitled Civic Precinct Options for Long Term Plan 2021-31 Amendment Consultation (see Appendix 2). Since that report was received by the Council, further information has been developed to help inform a final decision by the Council (see Appendix 3).

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<sup>1</sup> UFTI Final Report (2020) page 65.

## Updated information for Option 1 – Te Manawataki O Te Papa (Civic Precinct) Masterplan (Refreshed 2021)

### Project costs

39. Further enhanced costings have been undertaken to reflect the progression of the concept design (see Appendix 3). These costings have resulted in a number of changes to various components of the programme, with increases in some components being off-set by decreases in other areas (see Table 3 below).
40. For example, some costs have been added to the Site A Establishment budget (e.g. relocation of high-voltage power cable), and a temperature controlled archive has been added to the scope of the library and community hub facility, with an estimated cost of \$3 million.
41. The budget used for consultation also included components of playground development under the Waterfront Reserve project, within the wider Te Manawataki O Te Papa programme. However, development of the playground is one component of a wider project to develop the Waterfront, which is now more accurately included in a new programme of works for Dive Crescent and the Tauranga Waterfront Reserve. This new programme is explained in an Issues and Options Report on this agenda entitled; Issues and Options – Dive Crescent and Waterfront. To reflect the change in scope of Te Manawataki O Te Papa programme to remove the playground, \$8m has been removed from the Waterfront Reserve project.
42. As a result of changes made to the budget post-consultation, including updated cost estimates and the scope changes identified above, the overall programme budget for Te Manawataki O Te Papa remains at \$303.4m.
43. Table 3 (below) outlines project costs for key elements of the Te Manawataki O Te Papa programme. Costs proposed through consultation are included as well as updated project costs resulting from more detailed design planning. Project costs (including cost escalation) total \$303.4m and are delivered over the 2022-28 timeframe.

*Table 3: Project costs for Te Manawataki O Te Papa<sup>2</sup>*

Project	Proposed Completion Date	LTPA Public Consultation – March 2022 (\$mil)	Revised costs from Enhanced Concept Plan – May 2022 (\$mil)
Library and community hub	Sep-25	\$82.9	\$88.2
Public amenity space – staged	Aug-28	\$13.3	\$15.7
Museum and exhibition/events	Aug-28	\$106.4	\$42.6
Exhibition/events centre	Sep-27		\$61.6
Civic whare	Sep-27	\$21.2	\$15.4
Masonic Park upgrade	Jun-27	\$9.3	\$10.9
Baycourt upgrade	Dec-25	\$11.3	\$11.0
Waterfront Reserve	Jul-26	\$15.5	\$7.5
Willow shared space	Oct-28	\$13.1	\$8.9
Durham Street upgrade	Jun-26	\$4.8	\$9.2
Wharf	Jul-26	\$25.6	\$25.4
Site A establishment*	Mar-25	-	\$7.0

<sup>2</sup> Note: The 'Performance Arts and Conference Centre and Hotel' is not included in the project cost table as the expectation is that this will be privately developed and funded.

*\*Note: the Site A Establishment costs are included within the individual project cost items in the LTPA Consultation Document. These have been separated into their own project line for the Enhanced Costs presented.*

<b>TOTAL</b>		<b>\$303.4</b>	<b>\$303.4</b>
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### Financial considerations

44. The total cost of delivering Option 1 is \$303.4m. Early indications suggest that the average annual operating costs will be ~\$21.4m once construction is complete. These operating costs are continually being refined and updated as the programme progresses and in particular, as all of the function, use and design permutations are resolved.
45. Delivery of the Civic Precinct programme of work will be supported by a dedicated team from 1 July 2022. The additional opex cost required to resource this team is ~\$800k in financial year 2022/23, which will be offset by savings across the organisation resulting in no additional impact on rates.
46. Figures are based on the costings provided in the Masterplan by Rider Levett Bucknall (Quantity Surveyors). These costs have been confirmed through enhanced concept plans (see Appendix 3) and the current costs are based on the following assumptions:
  - Cost escalation of 18% of construction costs across the six years, totalling \$31.6m
  - Contingency of 13% of total cost across six years, resulting in \$34.9m total contingency
  - Programme of works commencing with design in 2022, and construction staged over the following six years
  - Programme completion by June 2028.
47. Budgets from two projects approved in the LTP have been transferred to the programme:
  - Te Papa CBD community hub budget – \$11.8m transferred to the library project, which now includes the community hub
  - Te Papa CBD streetscape budget – \$6.5m transferred to part fund the Willow and Durham Streetscapes.

### Funding considerations

48. Te Manawataki O Te Papa proposed funding is a mix of TCC debt and a variety of external funding sources. Table 4 (below) provides a summary of the indicative funding mix based on earlier expert advice from the Giblin Group. The current programme funding mix shows external funding of \$107.8m and TCC funding of \$195.6 incremental over the next six years.

Table 4: Te Manawataki O Te Papa indicative funding mix

	Total (\$M)
<b>Civic Library and Community Hub</b>	<b>Capital Spend 88.20</b>
	External Grant Funding 13.75
	TCC Loan/Other Funding 74.45
<b>Civic Whare</b>	<b>Capital Spend 15.40</b>
	External Grant Funding 13.25
	TCC Loan/Other Funding 2.15
<b>Museum &amp; Exhibition/Events Centre</b>	<b>Capital Spend 104.20</b>
	External Grant Funding 73.83
	TCC Loan/Other Funding 30.37
<b>Civic Plaza</b>	<b>Capital Spend 15.70</b>
	External Grant Funding 5.75
	TCC Loan/Other Funding 9.95
<b>Baycourt Upgrade</b>	<b>Capital Spend 11.00</b>
	External Grant Funding 1.25
	TCC Loan/Other Funding 9.75
<b>Masonic Park upgrade</b>	<b>Capital Spend 10.90</b>
	TCC Loan/Other Funding 10.90
<b>Strand Waterfront Reserve</b>	<b>Capital Spend 7.50</b>
	TCC Loan/Other Funding 7.50
<b>Willow St Upgrade</b>	<b>Capital Spend 8.95</b>
	TCC Loan/Other Funding 8.95
<b>Durham St Upgrade</b>	<b>Capital Spend 9.15</b>
	TCC Loan/Other Funding 9.15
<b>Wharf</b>	<b>Capital Spend 25.40</b>
	TCC Loan/Other Funding 25.40
<b>Site A Establishment</b>	<b>Capital Spend 7.00</b>
	TCC Loan/Other Funding 7.00
<b>Total (\$M)</b>	
<b>Te Manawataki O Te Papa</b>	<b>Total Capital Spend 303.40</b>
	External Grant Funding 107.83
	Total TCC Loan/Other Funding 195.57
	- TCC Loan Funded 151.50
	- Other External Funding 44.07



49. As shown in Table 4 (above), external funding is estimated at ~16% for the library and community hub, ~71% for the museum and exhibition centre, ~86% for the Civic Whare, ~37% for the Civic Plaza and ~11% for the Baycourt upgrade. All other projects are expected to be 100% loan funded, with the exception of the central library which is expected to attract 12.5% DC funding.
50. The commencement of construction of the projects that rely on external funding is dependent on receiving the level of external funding reported, or sourcing alternative funding (other than further rates increases).
51. To achieve the desired 50% external funding target, other funding opportunities for the programme have been identified, including revenue from asset realisation and a central government grant related to the Three Waters Reform.
52. Noting the risks and assumptions in the LTPA funding report 'Long Term Plan Amendment Financials' (A13215931) presented to the Council on 28 February 2022, it is estimated that asset realisations at book value may generate \$30m to \$40m, and that the Three Waters Reform government grant can be expected to be \$48m. These revenue sources will be used to offset some of the ~\$44m still required to ensure the overall programme of work is at least 50% funded from sources other than rates.

### ADDITIONAL CONSIDERATIONS FROM SUBMISSIONS

53. In response to submissions received on the Civic Precinct programme of work, Table 5 (below) outlines the actions that are currently underway.

*Table 5: Actions taken in response to submissions received*

Submission theme	Actions undertaken
Suggestions on design elements for the range of amenities and facilities proposed	Requests from submitters for a varied range of amenities and facilities have been forwarded to the relevant Programme Steering Groups for consideration for inclusion in final designs. Where additional funding is required, external funding will need to be sought.
Feedback on the design of Te Manawataki O Te Papa	Submission feedback on the design of Te Manawataki O Te Papa has been forwarded to the design team for consideration in the final design. Recommendations will be brought back to Council for consideration for inclusion and where additional funding is required, external funding will need to be sought.
Fundamental transport problems	Further work is currently underway to address the transport issues of the city including the City Centre Strategy, major upgrades to key routes, and facilities to embrace alternative transport options.
Lack of accountability for a significant project	Each steering group has been tasked with the development of Key Performance Indicators (KPIs) for the project as it progresses. An extensive governance and reporting structure has been established, as has the development of staged gateways requiring Council approval prior to commencing next steps, which will ensure the appropriate level of oversight is provided for this significant project. A number of KPIs have been set for Council's project partners.

Cost increase beyond budget	Contingencies and escalation costs are included in the revised cost estimates based on the current economic climate, totalling \$66.5m or 22% of the total programme budget. The governance and programme management structures approved by the Council in February 2022 are designed to ensure appropriate contingencies and oversight.
Impact on CBD during construction	Work is underway to plan the construction phase of the development to minimise impact on the local business and the wider community.
Delivering community wellbeing	A report has been commissioned to provide a Wellbeing Benefit Assessment of Council and private investments in the CBD, and the wider city.
A sustainable and resilient CBD and Civic facilities	Steering groups have been instructed to consider sustainability and climate change resilience in all final designs, with options to be brought to the Council for final consideration and approval. Where additional funding is required, external funding will need to be sought.

54. Additionally, a range of enhancement options including different construction materials, 6 green star buildings and sustainability initiatives have been costed by Willis Bond for further consideration (see Appendix 3). Recommendations will be brought back to Council for consideration for inclusion in final designs and where additional funding is required, external funding will need to be sought.

### OPTIONS ANALYSIS

55. Key benefits, disadvantages and risks for each option presented are outlined in the Council report from 21 February 2022 (attached as Appendix 2).
56. Following community consultation, Te Manawataki O Te Papa (Option 1) is the recommended option for the amendment to the LTP 2021-31. Option 1 recognises the need for an integrated programme of investment that will help transform the Civic heart of the city centre. This option has a focus on connection between projects in relation to shared spaces, shared facilities and sharing of costs. It is steeped in cultural design providing connection with our past and with our environment, particularly Te Awanui. It is considered that Option 1 clearly aligns with current strategy and policy, and will provide wide ranging social, economic, cultural, and environmental benefits that will have a positive impact on our communities today and in the future.
57. Te Manawataki O Te Papa will be a catalyst for future investment in the city centre and will help grow our visitor economy through large scale events, a museum, conferences and other tourism offerings. Locally it will provide much-needed support to business in the city centre and the local creative community, while fostering learning, creativity and support for study and personal development. As a catalyst, it provides an opportunity to reinstate the city centre to one that we can all be proud to live, learn, work and play in.
58. Capital spend for Te Manawataki O Te Papa is substantially higher (\$303.4m compared to the modified status quo option of \$126.8m). It is considered that the additional \$176.6m provides a wide range of additional facilities within the Civic Precinct including the museum and exhibition centre, Waterfront Reserve and wharf, Willow Street shared space, and upgrade to Durham Street between Wharf and Harington Streets.



## LEGAL IMPLICATIONS / RISKS

59. The Local Government Act 2002 (LGA) enables a local authority to amend its Long-term Plan at any time (section 93(4)). It also sets out that a decision to significantly alter the intended level of service provision for any significant activity undertaken by a local authority triggers a Long-term Plan Amendment (section 97).
60. Due to the introduction of a museum and exhibition/events facility into the Civic Precinct proposal, resulting in a significant change in level of service for a significant activity, a decision to implement the Civic Precinct Refreshed Masterplan Programme (Te Manawataki O Te Papa) requires an amendment to the Council's LTP 2021-31. Council has therefore consulted on this amendment through the special consultative procedure required by the LGA (section 93(5)), to reach decisions on the amendments to the LTP.
61. For a description of key risks, please refer to the 'Options Analysis' section of the attached Council report (see Appendix 2).

## SIGNIFICANCE

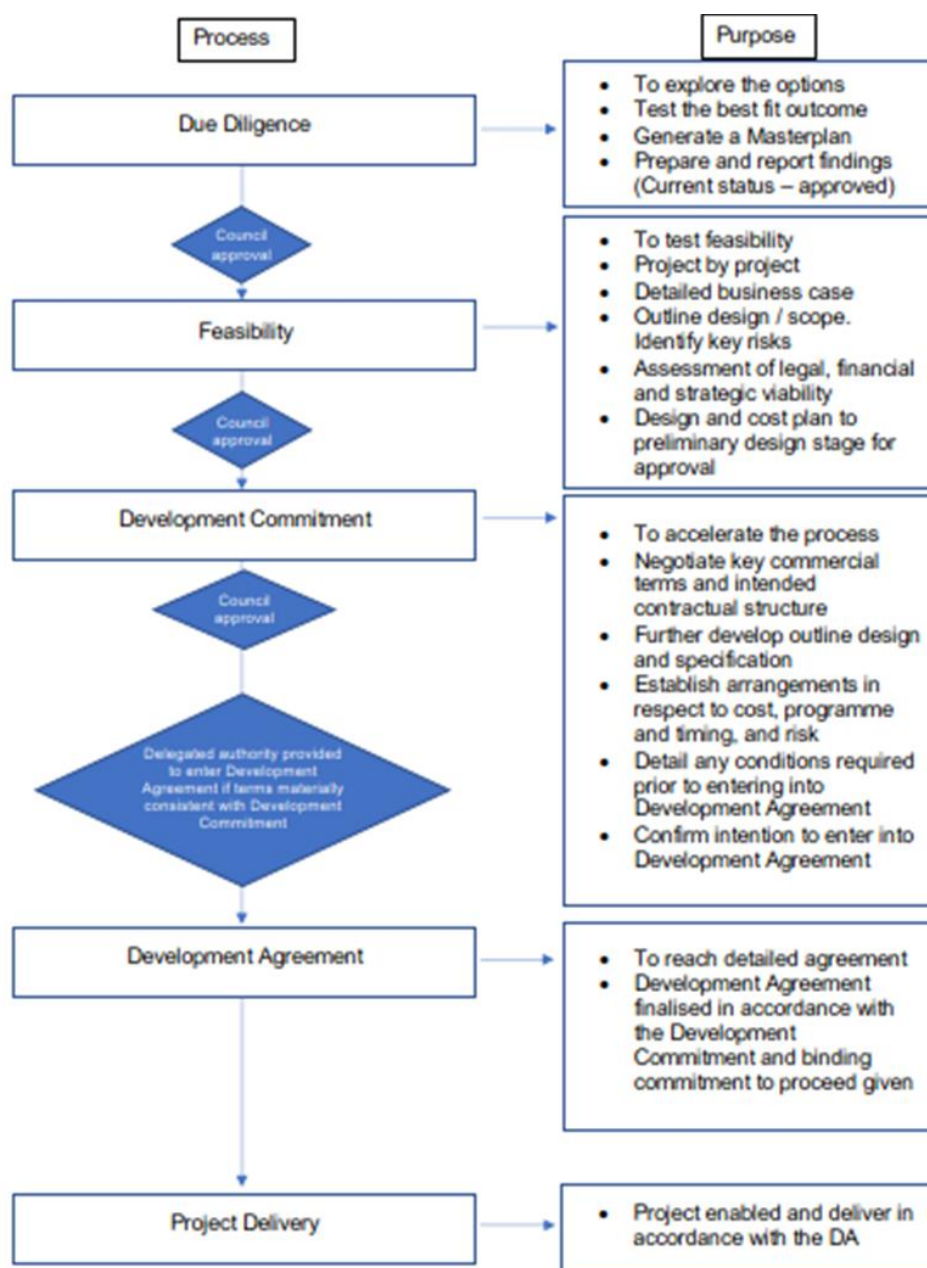
62. The LGA requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
63. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
  - (a) the current and future social, economic, environmental, or cultural well-being of the district or region.
  - (b) any persons who are likely to be particularly affected by, or interested in, the proposal.
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
64. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the proposal is of high significance.

## ENGAGEMENT

65. Taking into consideration the above assessment, that the proposal is of high significance, community consultation was required.
66. The proposal to implement Te Manawataki O Te Papa (Civic Precinct) includes a significant change in level of service for a significant activity, and therefore requires an amendment to the Council's LTP 2021-31 under the Local Government Act 2002.
67. An LTPA requires the use of the Special Consultative Procedure, under section 93(5) of the Local Government Act 2002. As such, a full consultation process has been undertaken from 25 March to 26 April 2022.

## NEXT STEPS

68. This report seeks to reach a decision regarding the finalisation of the LTPA. The Civic Precinct development programme is subject to a partnering agreement with Willis Bond that provides the key processes and approval stages for the delivery of the programme, including multiple approval gateways and procedures throughout the programme.
69. This diagram summarises the key gateways and approval processes that are being followed:



70. At each significant approval stage/gateway, the programme steering groups will make recommendations to Council. This will provide the opportunity for Council oversight of final design stages and provide for further consideration of incorporating submitter recommendations into future stages of the project. Approval of final business cases for each component of the programme will ensure greater accountability and governance.
71. A comprehensive programme of next steps for each project can be progressed, once funding and programme certainty has been provided through the LTPA process.

## ATTACHMENTS

1. **Submission summary - key themes - A13459073** [↓](#)
2. **Council 2022-02-21 [11623] Report - 11.6 Civic Precinct Options for Long Term Plan 2021-31 Amendment Consultation - A13211597** [↓](#)
3. **Te Manawataki o Te Papa - Enhanced Costings Report - 17 May 2022 - A13480048 (Separate Attachments 1)**

## Appendix 1 – Summary of Feedback on Council’s Long-term Plan Amendment – Te Manawataki o Te Papa

### Key themes from submitters in support of option 1

#### **Support for City Centre Rejuvenation**

Overall, there was a range of comments that show that some of the community are very supportive of the concept of revitalising the civic centre. Comments included themes such as:

##### ***Do it once, do it right***

Strong common sentiment that Council should ‘do it once, do it right’, getting on with the delivery as a priority and as quickly as possible. There is also strong support for undertaking the project as a cohesive project, not piecemeal. Submissions acknowledge the opportunity that this project presents, noting that now is the time for leadership, investment, and bold planning for the future. Investment for future generations is raised by numerous submitters.

##### ***Willingness to pay***

Within the cohort of submitters in support of option 1, there was an understanding that rates will need to increase. Submitters expressed that they were willing to pay for what they considered to be a necessary investment in Tauranga. Submitters noted that it will never be cheaper to undertake this type of development in the future and communicated an urgency to get on and deliver the project now. There is also a sentiment that this type of investment in the city should have been carried out years ago, as costs continue to increase.

##### ***Concern about current CBD***

Many submitters voiced negative sentiment about the current state of the city, noting the city is not futureproofed, and noting that people are ashamed of the current state of the city. Various comparisons were made by submitters to other cities, both nationally and internationally, talking to the lack of attractive facilities and amenities in Tauranga. Submitters note concern that unless significant revitalisation occurs, business activity in the CBD will continue to be eroded.

##### ***Upgrades needed for a vibrant CBD***

Many submitters talk to the need for the City to be rejuvenated, upgraded and improved. The city needs a heart, more vibrancy, to be developed into a smart city. It is felt that this is needed to enable Tauranga to reach its potential as a great city. There is a sense of energy in the submissions that believe the proposed plans for option 1 look great.

##### ***Build it and they will come***

Council is encouraged to create a city with a reputation for creativity and entrepreneurship, that will attract talented and innovative people. Option 1 will draw people into the city, both locals and visitors. This level of investment will trigger further private investment and confidence in the city.

##### ***Silent majority support***

Comments were received regarding the wide public consultation undertaken; however, concern was raised that many who support the project may not actually submit. Belief that there is strong support for the project from youth, but that young people don’t have time or inclination to submit.

Concern was raised about supporters being drowned out by vocal minorities, and that some supporters aren't motivated enough to give feedback. Whilst Council might not get overall majority agreement, the majority will benefit from option 1.

***A history of underinvestment***

An urgency for civic development is expressed by submitters in response to what they consider to be an historic under-investment in infrastructure and facilities. That Tauranga has the feeling of a city that has been neglected, with minimal investment over the years, is reiterated in many submissions. For many, they find the Tauranga CBD to be an embarrassment. A plea comes from some for Council to utilise this opportunity to complete this exciting project, with a warning against repeating past mistakes by thinking too small.

**Support for a Museum and Art Gallery**

Many comments were received from submitters in favour of the museum and exhibition and events space, with key themes including:

***Showcase, preserve and share our history***

Many submissions stressed the need for a museum, in particular as a way of sharing the City's rich and nationally significant history with children, visitors - including from overseas, and the wider community. To deliver a connection with the city and create a cultural heart and soul, including ngā toi Māori as an important way of connecting with culture and identity. Submitters talked to the need to preserve our historical artefacts for future generations and provide a fun and interactive space for our children to learn.

***Delivering community wellbeing***

Some submitters consider the lack of a museum a disgrace for a city of Tauranga's size and history. They consider option 1 vital to enable the arts and cultural activity to deliver social and cultural wellbeing outcomes for diverse communities. Some even suggest that more funds will be required for the museum development to reach its potential. But that the project will lead to huge social, economic and cultural benefits for our community.

***Alternative museum location options***

Some submitters, whilst signalling support for option 1, had alternative preferences for the location of the museum, with Cliff Road being mentioned by a number of submitters. Some submitters suggest rethinking the various heritage projects currently being considered in the city and allowing for wide community consultation. In addition, a mana whenua Marae Atea in the civic centre is suggested to showcase items from the Tauranga Heritage Collection. Conversely, some submitters believe that the focus of the civic precinct should be the cultural heart with Baycourt, the library, museum and art gallery, but without the City Council returning to the precinct.

***National museum and art gallery facilities***

Many submitters support the development of option 1 to create a national arts and culture destination. Submissions talk to creating the largest and most exciting arts and cultural precinct in the country. A world class exhibition facility is essential, including the highest quality art exhibitions from Aotearoa and increasing the role and profile of the Tauranga Art Gallery to impact on our region.

## **Feedback on the design Te Manawataki o Te Papa**

Submitters who were in support of Option 1 had feedback regarding the design of the Civic Precinct, including feedback specifically regarding the 'artist impression' provided:

### ***A vibrant city centre***

Many submitters in support of Option 1 talked to the need for a vibrant and visionary development that has character, flair and a point of difference relevant to Tauranga. Ensuring it is a place where families and children are motivated to visit and is future proofed in its design. The need for a comprehensive, integrated development which facilitates flow and is connected to the wider city. With a couple of submitters suggesting a design competition.

### ***A softer, greener, more sustainable design***

The 'artist impression' has garnered concern from some that there is too much concrete and a fear that the design is too corporate and needs to be softened. Suggestions such as the use of different materials and water features add to the strong sentiment that suggests the need for more greenery and shade. Many references are made to the need for more trees, plants and lawns. Submitters reference the use of natives and sub-tropical trees, as well as vibrant flowers.

### ***Connection to water***

A number of people acknowledged the value of a waterfront city and the importance of utilising the waterfront as part of the civic precinct development. There was even a suggestion to move the railway line to further enhance the connection with the water.

### ***A sustainable and resilient CBD***

Numerous submissions refer to the need to ensure the development is low/zero carbon and sustainable, providing for a circular city. Some references are made to a living building. Ideas to achieve this include repurposing existing buildings, using sustainable materials or utilising solar. Vulnerability to sea level rise and flooding, and the need to enhance climate resilience through the design, was also raised.

## **A range of amenities and facilities proposed**

Submitters suggested a number of ideas that they believe will enhance the Civic Precinct proposal:

### ***Specific community facilities and activities***

Numerous ideas are raised by submitters to develop a vibrant CBD such as an outdoor gym, indoor pool, bicycle parking, shower and changing facilities, indoor markets, waterfront dining, park facilities for different ages and abilities, shade, coastal walkway, recreational facilities for locals and tourists, art, sculptures, live music, pop-up food vendors, water fountains, picnic tables, street lighting, meeting rooms for hire by community groups and a stadium at the Domain. Submitters feel that the Council needs to invest more in creating a better city to live, work and play with facilities that provide opportunities for all. Creating a desirable destination for youth, young children and for international sport and artists, to attract more visitors.

### ***Prioritising the movement of people***

There are many suggestions provided by submitters to reduce the need for car travel, through safe green alternative transport into and around the city. These include ideas such as pedestrianisation, cycling, ferry, bus, rail, trams, electrification, e-scooters, park and ride and a central railway station.

In addition, there were many comments regarding parking including the need for free parking, and carparking for the elderly and disabled.

***Enable living in the city***

Submitters support the development of a bustling city and increased foot-traffic through high density, multi-storey residential developments. In addition, a bustling university and a hotel conference facility are considered to lead to more energy and foot-traffic in the city. Some note they are starting to see Tauranga as an attractive city to live and work.

**Concerns regarding accountability and process**

Some submissions referenced the process undertaken for the Long-term Plan Amendment (LTPA) and the structure and reporting in place around the proposal of Option 1:

***Project accountability and reporting***

Whilst supportive in principle, some submitters raise concern regarding project accountability, including identifying the need for specific targets and having a clear ten-year plan. Submitters would like to see specific detail regarding what the project will deliver, and a carbon emissions calculation for the project. In addition, some submitters raise concern regarding project management, fearing the project will not be completed on time and on budget.

***Engagement process shortcomings***

Some comments were received regarding the engagement process, namely that the level of detail provided did not enable the community to meaningfully critique the proposal. Requests were made for further transparency, especially with regards to the sale of non-core assets. In addition, requests were made that the voice of Tangata Whenua be provided for, to promote cultural harmony and reflect our unique identity.

***Affordability for the community***

The issue of affordability is raised by some that support option 1. The rating impact for elder residents was raised as a concern, as well as the need to support local business. The concept of undertaking a joint venture with business to make the project more affordable for ratepayers was raised. To encourage private investment/development, some suggested that Council waive targeted Development Contributions. It is also noted that there is a strong expectation from the private sector that Council invests strongly in the future of the city centre.

**Key themes from submitters opposed to option 1**

**Concern regarding the financial impact of Option 1**

Many submitters opposed to Option 1 shared concern about the proposed cost of the project and the cumulative impact on rates:

***Cost increases beyond budget***

Many submissions raised concern regarding the cost of option 1, and in particular the likelihood of the final cost extending beyond that budgeted. Reasons included; cost blow outs, project over-runs, and rising costs, for example as a result of carbon credits being imposed or geo-technical

requirements (due to a high flooding risk). Concerns raised included; that \$1 billion won't be enough to complete this project, that Council will have \$1 billion of debt at the end of the project and that there would be significant ongoing operational costs for ratepayers.

***Fiscal prudence***

Many submitters call for fiscal prudence from Council, ensuring appropriate scrutiny is provided over the project and ensuring comprehensive liability insurance to cover design or engineering failures. Concern is raised by submitters regarding the lack of detailed design as the basis for cost estimates, lack of buildings proposed for the budget, and concern regarding the cost compared to other cities in Aotearoa.

***Scale and Affordability for the community***

Many submissions mention the rates increase not being affordable, meaning that the community cannot afford option 1. Concern is raised that the scale of the proposed facilities are too large and that Council needs to think differently about how these facilities are provided in a modern and sustainable manner. For some, the proposal is considered not urgent and therefore should not be initiated at a time when the local community is trying to financially recover. Council is reminded that, under the RMA, it is required to consider sustainable management, including economic wellbeing. Concern is also raised regarding the impact of interest rate rises and inflation, noting that the use of debt to fund the 'growth agenda' is unsustainable.

***Impact on ratepayers***

The impact on ratepayers is a key theme raised by submitters, including the rates burden for more-vulnerable people in the community, putting people further into poverty. Comparisons are made with other towns, whilst the suggestion is made for gradual rates increases. The business sector is also identified as requiring relief from commercial rates, with building rents needing to be lowered. Some commercial ratepayers feel that they are being targeted and the cost of rates and rent is affecting their ability to continue operating, leading to businesses having to work from home. Some note that the commercial sector does not use libraries, art galleries, parks and reserves. There are also suggestions of a user pays model, rates exemptions for commercial investors in the CBD, and leaving private investors to invest in development opportunities.

**Different perspective on prioritisation**

For many submitters there are other priorities that need to be addressed, before Council invests in a project that is considered by some to not be core Council business:

***Core infrastructure a priority***

A large number of submitters encourage Council to focus spending on core, urgent infrastructure projects and maintenance. For many, the proposals provided in option 1 represent vanity projects or monument building and do not reflect the priorities of the city. Instead, Council should focus on reducing staff numbers and debt.

***Museum not a priority, or not in that location***

Many submitters disagreed with the need for a museum in the city, stating it would be a waste of money and not viable. Frustration was expressed that this debate has been held by Council numerous times in the past, including a previous referendum. Concern was raised regarding the quality of the heritage collection not producing a quality museum. Alternative locations were suggested for a museum, with concern raised that a museum would need the capacity to grow. The

Gilmour's building beside Gates Pa historic site, the historic village and the Racecourse were proposed. Additionally, a request was made for the release of the feasibility study for a stand-alone Regional Heritage Centre and a complete overview of all cultural and heritage facilities planned for Tauranga in the next few years.

***Waterfront rejuvenation a priority***

For some submitters the rejuvenation of the waterfront is a higher priority, with calls for a spatial plan for the CBD waterfront. The lack of harbour side development is cited as criminal given its potential. Ideas raised include; two or three piers extending into the harbour, putting an aquarium next to the marine science tertiary centre and turning the waterfront into a green space with sound shells, food trucks, night markets, cult movies and free family events. However, some submitters urge Council to consider the impacts of rising sea levels and the history of the area as reclaimed marsh lands.

**Engagement process not genuine**

In addition to views on the proposal, some submitters shared thoughts on the LTPA process:

***Consultation not sincere or appropriate***

A large number of submitters raised concern that this was an undemocratic process that lacked transparency, with some calling for another referendum. The 3 response options provided through the Consultation Document were considered to not provide enough options, with no 'status quo' or do-nothing option. Some were of the view that the options given were not consultation and the community was being railroaded. Submitters raised that there was a lack of empathy in the options, with many proposing a more open selection of choices. Further detail was requested showing outcomes mapped against targets, and full business cases identifying independent costings. There was also a strong sentiment that Option 2 was not sincere or being genuinely considered (evidenced by a lack of information) and suggestions that the decision had already been made. Further, accusations of the proposal being self-serving for staff and unprincipled were expressed by some. Concern was raised that the material provided is misleading financial information, unscientific, unreliable, and unprincipled. These concerns led submitters to believe that the current process is not a genuine attempt to engage.

***Further consultation required***

Concern was raised by submitters regarding the lack of buy-in to the design, with a suggestion received by a few that an Architectural competition be run to develop options and let the community be a part of the process. Further consultation on the museum is requested providing all relevant information required for the community to make an informed decision. Further public consultation was also requested before any Council land is sold, gifted or exchanged, with assurance sought that 100% ownership of council land would be retained.

**Lack of accountability for a significant project**

Some submitters identified concerns regarding the robustness of a project of this scale and the Council's ability to prudently manage and measure the outcomes of the project:

***Historic non-performance of Council***



Some submitters referred to Council's track-record of large infrastructure projects as a sign that Council was not able to deliver a project of this scale. Historic reckless spending and inability to profitably operate commercial facilities for some suggested that a decision to support option 1 would represent Commissioners 'doubling down' on previous governance failures, rather than reversing them. Some submissions speak to a culture of fear within local government in Tauranga.

***Lack of business case or measure of success***

Submitters raised concerns regarding the lack of metrics by which the objective and success of the project can be assessed. Examples included no measurable outcomes, basic business metrics or transparent KPIs, and no definition for the outcome of getting the city 'pumping'. There is further concern that without a complete business case and detailed design plans, there is not enough detail available, for a project of this scale, for it to be properly critiqued.

***Accountability for project delivery***

Submitters seek specific names, to be able to hold people accountable for the project, including who developed the cost estimates. Some submitters believe that the CEO and staff should be held accountable for project delivery and governance and as such the project should be resourced to enable inhouse delivery of the project. In addition, submitters requested an independent audit of the project cost estimates, clarity around operating costs, and the inclusion of contingency funding.

***Uncertainty of funding***

Some of the comments raised are about funding issues, including submitters questioning if any shortfall in external funding will be paid for by ratepayers. Additionally, Council is asked if the project will progress if costs rise, and whether there will be a stipulation that external funding increases in line with any cost increases. There is a call for the financial impact of not receiving proposed external funding to be clearly communicated. Some submitters question the likelihood of private enterprise providing funding, whilst other submitters suggest private investment should fund the museum. A further suggestion is that Council should lease portions of the city centre to developers to fund a new development.

**Fundamental flaw in proposal concept**

For some submitters, the proposal is not fit for future needs and the design is flawed. Additionally, the concept of creating a city precinct with centralised community facilities is fundamentally flawed in today's society:

***Call for significant redesign of look, scale and sustainability***

Many submitters who were opposed to option 1 provided feedback specifically on the design. This included concern regarding the current design of "a concrete bunker". The opportunity that this level of investment represents, to create a sustainable building/living building with the design enabling cost sustainability into the future. Comments referenced the visual impact of the design, the opportunities for engaging the community and developing a connection to place, and size, scale and function concerns. The Council are asked to think differently about how the design can ensure a modern facility that meets current and future needs in a compact, sustainable way.

***Lack of value for ratepayers***

For some submitters, the rationale for the expenditure is not clear, with no clear proof of concept. It is suggested that past evidence identified one building for the library and museum was the only option with a positive economic benefit. Others are concerned that Tauranga is not Wellington or Rotorua, and that spending large amounts of money doesn't guarantee a vibrant, accessible city.

***City centre less relevant than suburban centres***

Many people raised the view that investment in suburban centres would be much more beneficial, encouraging Council to invest where people live, use services, access malls etc. Greater facilities are required in the suburban centres, for example the Mount, Brookfield-Bethlehem, and Tauriko need libraries. People come to Tauranga for the Mount and the beach, not for the shops. People feel they have no reason to go to the CBD, which is now full of undesirables. Some believe the City centre is dead because parking costs are too high so people visit the malls/shopping precincts in suburbs close to them. The CBD will continue to suffer low foot traffic and lack of vibrancy until there is a very significant residential population (say greater than 20,000 permanent residents) living within an easy walk of the CBD. Some submitters also note the limitations of the CBD on a narrow peninsular which blocks access to the busiest port in the country.

***Question the relevance of Te Manawataki O Te Papa***

Some submitters have questioned if the goal of creating a 'pumping' city is the right one, do we want to bring more tourists into town? Concerns that there is a lack of evidence to support this proposal and it is not clear how it will contribute towards a more equitable, accessible or sustainable city. Some question whether the types of facilities being proposed are even still relevant, with the move to people engaging with Council online. A number of submitters felt that Council is spoilt with new offices. Some submitters don't believe in the need for a new library, that the art gallery that already exists is primarily frequented by school children, which will not change, and that the proposed buildings will be underutilized by the average ratepayer. There is a fear expressed that Council will be tearing down good buildings to build overpriced, empty buildings, that are not sustainable and are monuments to past thinking. There is a suggestion that a new Administration building, Council Chambers and library all be built on the existing site, converting empty buildings for residential apartments with lifestyle stores underneath.

***Impact on CBD during construction***

There are concerns identified by submitters that the negative impact of lengthy development will be huge on surrounding businesses and that current retailers will be financially destroyed by the construction phase. In addition, it was requested that construction does not block traffic movement.

***Fundamental transport problems***

The issue with transport was raised by many submitters, many of whom believe that the lack of parking is a massive flaw in the proposal. A few submitters question why people have to pay for parking, whilst others suggest Council invest community money into a large increase in supply of car parking facilities, as the cheapest and only way to revitalize the CBD. In addition, people mentioned that Council should stop wasting money on buses that are not used and that Council should require large buildings to have underground parking to get cars off the road in the city precinct. For some, transport options to the CBD at present are inconvenient, dangerous and the constant road disruptions being experienced are stopping people visiting the city centre.

**11.6 Civic Precinct Options for Long Term Plan 2021-31 Amendment Consultation****File Number: A13211597****Author: Mike Naude, Programme Manager - Civic Redevelopment Projects****Authoriser: Marty Grenfell, Chief Executive****PURPOSE OF THE REPORT**

1. This report seeks approval to consult on options regarding the future of the civic precinct site.

**RECOMMENDATIONS**

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.
- (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.

**EXECUTIVE SUMMARY**

2. The Local Government Act 2002 (LGA) enables a local authority to amend its Long-Term Plan (LTP) at any time (section 93(4)). It also sets out that a decision to significantly alter the intended level of service provision for any significant activity undertaken by a local authority triggers a long-term plan amendment (section 97).
3. Due to the introduction of a museum and exhibition/events facility into the civic precinct proposal, resulting in a significant change in level of service for a significant activity, a decision to implement the civic precinct refreshed masterplan programme (Te Manawataki O Te Papa) requires an amendment to the Council's LTP 2021-31. Consultation on this amendment is required under the LGA (section 93(5)).
4. Two options are presented in this report for consultation purposes. First, Te Manawataki O Te Papa, a \$303.4M (capital costs) programme consisting of a set of co-dependent projects that will deliver the civic campus and cultural heart for the city. Second, a modified status

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quo option based on the delivery of the more limited civic precinct projects as currently set out in the LTP 2021-31 (with updated capital costs totalling \$126.8M). It is recommended that both options are presented to the community for feedback as part of an LTP 2021-31 amendment with Te Manawataki O Te Papa as the preferred option. It is considered that delivery of Te Manawataki O Te Papa will have wide reaching sub-regional, city and city centre benefits. It is also recognised as a catalyst unlocking further investment in the city centre.







**BACKGROUND**

5. In 2018, the Council adopted the Civic Precinct Masterplan, following extensive community consultation. The plan provided direction for the future development of the Council-owned site bounded by Willow, Hamilton, Wharf and Durham Streets; and the Council-owned site at 21-41 Durham Street, formerly known as the TV3 site. The 2018 masterplan included a hotel and conference centre and a performing arts centre on the site at 21-41 Durham Street and the Civic Administration building, Library and Museum on the Willow Street site, with connections through to Masonic Park. Extensive community consultation took place, but for various reasons, the Civic Precinct Masterplan was not implemented at this time.
6. More recently, the Council included a budget in the LTP 2021-31 for the development of a new library and community hub on the civic precinct site, to promote learning and education, and an enhanced urban space to promote activation and entertainment. Following the adoption of the LTP 2021-31, the Council issued a design brief to Willis Bond to prepare a Civic Masterplan Refresh to reflect the strategic decisions the Council had made as part of the LTP process, including a decision to lease a new Civic Administration building at 90 Devonport Road; respond to public submissions in favour of a museum located on the Civic Precinct site; and to reflect the history and cultural significance of the site to tangata whenua and to tell the stories of Tauranga Moana.
7. Te Manawataki O Te Papa (Civic Precinct) Masterplan (Refreshed 2021) was prepared by Willis Bond in collaboration with mana whenua, including representatives from Ngai Tamarāwaho, Ngāti Tapu and Te Materāwaho, as represented by the Otamataha Trust. The refresh is an updated version of the Civic Masterplan developed in 2018 and includes facilities such as a civic whare (public meeting house), museum, library, hotel and a performing arts and conference centre. As part of the refresh, the masterplan has been expanded to include the waterfront reserve, between Hamilton and Wharf Streets, linking the water with the civic precinct via Masonic Park.
8. Te Manawataki O Te Papa was formally adopted by the Commission at the Council meeting on Monday 6 December 2021. At the same meeting, Council requested a further report in February 2022 to enable the Commission to make a decision on inclusion of the Civic Masterplan in a Long-term Plan Amendment which addresses:
  - i) Operating costs for Site A community facilities and amenity projects; and
  - ii) Further refinement of capital expenditure costs if any; and
  - iii) Balance sheet impact of delivery of Site A community facilities and amenity projects; and
  - iv) Rating impacts, and any other funding impacts, over the Long-term Plan period associated with delivery of the Civic Precinct Masterplan; and
  - v) Alternative funding and financing options including the use of private equity and or building lease arrangements in accordance with the partnership agreement and any other off-balance sheet treatment; and
  - vi) The financial impact of different project staging options.
9. These matters are addressed within this report.

## STRATEGIC / STATUTORY CONTEXT

10. The LTP 2021-2031 articulates *Putting the community at the heart of everything we do* as the foundation of the document. Whilst the LTP included a significant project to provide a new central library and community hub on Willow Street, it also acknowledged the need for wider investment in the city centre to enable it to become the major civic, cultural, business, educational, residential, and commercial hub for the region.
11. Te Manawataki O Te Papa will begin to address this need for wider investment with clear strategic alignment with the various key council documents and work programmes that set the direction for our city centre, including our community outcomes.
12. A summary of how the delivery of Te Manawataki O Te Papa supports LTP 2021-31 community outcomes is provided in Table 1.

Table 1: Alignment of Te Manawataki O Te Papa with community outcomes

	Community Outcome	Te Manawataki O Te Papa alignment with community outcomes
	We have a well-planned city - Tauranga is a city that is well planned with a variety of successful and thriving compact centres and resilient infrastructure.	<ul style="list-style-type: none"> <li>Well planned civic facilities that seamlessly interconnect with each other and the environment, creating improved amenity, accessibility and vitality.</li> </ul>
	We support business and education - Tauranga is a city that attracts and supports a range of businesses and education opportunities, creating jobs and a skilled workforce	<ul style="list-style-type: none"> <li>Stimulating vibrant and sustainable economic activity, including events, in the city centre that will attract new business and commercial activities as well as a talented and skilled workforce.</li> </ul>
	We are an inclusive city – Tauranga is a city that recognises and promotes partnership with tangata whenua, and values culture and diversity, and where people of all ages and backgrounds are included, feel safe, connected and healthy.	<ul style="list-style-type: none"> <li>Creation of 'sense of place' and 'pride' for Tauranga</li> <li>Increase in wide range of community facilities that aim to connect our communities</li> <li>Partnership approach with mana whenua in all aspects of design</li> <li>Acknowledgement and celebration of the cultural significance of the civic site and the telling of Tauranga Moana stories.</li> </ul>
	We value and protect our environment – Tauranga is a city that values our natural environment and outdoor lifestyle, and actively works to protect and enhance it.	<ul style="list-style-type: none"> <li>Integration of natural assets into all aspects of design to ensure appreciation of the natural beauty of the civic site.</li> <li>Showcasing the waterfront through the creation of viewshafts and improved accessibility for all to value and enjoy.</li> </ul>
	We can move around our city easily – Tauranga is a well-connected city, easy to move around in and with a range of sustainable transport choices.	<ul style="list-style-type: none"> <li>Improved accessibility and mobility within the civic centre, both between buildings and to the waterfront area.</li> </ul>
	We recognise we are an integral part of the wider Bay of Plenty region and upper North Island – Tauranga is a well-connected city having a key role in making a significant contribution to the social, economic, cultural and environmental well-being of the	<ul style="list-style-type: none"> <li>Providing community and cultural facilities that are commensurate with being the fifth largest New Zealand city that enable Tauranga to attract major international and national events and activities.</li> </ul>

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	region.	
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13. Te Manawataki O Te Papa has clear strategic alignment with various other strategic documents, including:

- Urban Form and Transport Initiative (2020) – At the centre of the Urban Form and Transport Initiative (UFTI) is the Connected Centres Programme for the western Bay of Plenty. This programme is built around four high frequency and dedicated public transport corridors, linking centres for work, learning and play. This report strongly aligns with city civic development outlining that an increase in people living in the CBD and improved access to the harbour and amenities will help create a city centre that has “*vibrancy and is a destination for residents and visitors alike*”<sup>1</sup>.
- Te Papa Spatial Plan (2020-50) – This plan sets the strategic direction on how we manage growth to meet future needs, opportunities, and challenges in Te Papa over the next 30 years. Specific projects for the city centre include streetscape improvements, waterfront redevelopment, civic amenities, library and community hub and museum. Many of these outcomes and projects will be achieved through the Te Manawataki O Te Papa project, including assisting to achieve many of mana whenua’s cultural aspirations outlined in the Spatial Plan. In the business case sitting behind the plan, a key outcome (for the preferred way forward) was for an “immediate focus on on-going city centre regeneration”. As part of the business case development, a social infrastructure assessment was carried out. In essence, it showed that the greater investment in social infrastructure would have the most support for the business case benefits sought. In the city centre, this specifically included a new library, performing arts centre, streetscape, waterfront and civic space improvements (recognising funding limitations).
- City Centre Spatial Framework (2017) – This document highlights the civic precinct as a key move for the city centre, and surrounding investment in streetscape.
- City Centre Strategy – This strategy is currently being refreshed and will reflect key themes and the outcomes of the Civic Precinct proposals. Development of this strategy will occur in tandem with further work on Te Manawataki O Te Papa to ensure alignment.
- Marine Facilities Strategy – This strategy is currently under development and will guide the way our community and visitors access Tauranga Harbour, Te Awanui, in the future. Development of this strategy will occur in parallel with further work on the waterfront amenity projects that form part of Te Manawataki O Te Papa.

#### Alignment with our communities’ views

14. Key messages from our communities confirm the need to regenerate the civic precinct as provided for in Te Manawataki O Te Papa option. Some of the relevant themes from our communities include the need for the following<sup>2</sup>:

- |             |   |
|-------------|---|
| Environment | <ul style="list-style-type: none"> <li>• Increased interaction and connections with water and the natural environment</li> <li>• Tauranga’s natural environment is highly valued by its residents and visitors, people love its landscape, access to the beach, mountains and bush, and view it as a beautiful place to live</li> <li>• People want green space, trees, coastal reserves and natural landscapes and conservation land protected.</li> </ul> |
| Social      | <ul style="list-style-type: none"> <li>• Increased interaction and connections with others in their community,</li> </ul>   |

<sup>1</sup> UFTI Final Report (2020) page 65.

<sup>2</sup> (Sources: Vital Update 2020, WSP community engagement summary 2020, WSP Future Implications Report 2020, Stakeholder Strategies Strategic Conversations 2020)

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- Cultural
  - A shared sense of pride in being part of a culturally rich and diverse community.
  - Genuine partnership with tangata whenua
  - Celebration of Tauranga's strong identity and long and rich history
  - The history and culture of local Tangata Whenua is elevated /celebrated e.g. integrate cultural art and imagery into areas in the Tauranga CBD, protect and celebrate cultural heritage sites, stories are shared via curriculums, amenity and physical spaces
  - More events, including international events, and better facilities e.g. new conference centre, stadium, museum
- Economic
  - A city that is smart, innovative and productive
  - A city that is attractive to visitors, new businesses and new talent
  - A balance between sustainability and prosperity
  - More events/activities and/or a museum.

15. Interim findings from the 'My Tauranga Vibe' campaign (as part of the City Vision process) also support the need for wider investment in the civic precinct, with 10 percent of participants identifying that "city centre" improvement needed to happen. Many participants focused on the lack of energy in the city centre and the lack of connection with the waterfront/environment:

*"The Heart of the city needs serious attention. It has a lack of soul"*

*"Give some personality to the city . . . give space for people to be creative"*

*"Here in Tauranga, we feel at one with moana . . . could we bring moana to the city centre, or the city centre to moana?"*

## OPTIONS

16. Two options have been identified for consultation purposes ahead of the LTP (2021-31) amendment process:
- Option 1: Te Manawataki O Te Papa (Civic Precinct) Masterplan (Refreshed 2021) as it was formally adopted on 6 December 2021 at the Council meeting.
  - Option 2: Civic precinct projects as currently planned for in the LTP 2021-31.

## OPTION ONE -TE MANAWATAKI O TE PAPA (CIVIC PRECINCT) MASTERPLAN (REFRESHED 2021)

17. Te Manawataki O Te Papa is a re-commitment to city centre regeneration with the potential to reinstate the heart of our city centre as the civic and cultural capital of the Bay of Plenty. It presents an opportunity to deliver the vibrant cultural and civic heart the city has been missing. It will contribute to a city that we can all be proud to live, learn, work and play in, in years to come.
18. Its premise is that development of a civic campus would create a new and vibrant civic heart which would engender a sense of ownership and community pride in activities and experiences which capture the essence of Tauranga Moana, while showcasing its geographical location on the harbour's edge.
19. A civic campus approach is used that focuses on activities and experiences that promote community wellbeing, activation of the civic precinct and revitalisation of the city centre. Te Manawataki O Te Papa design recognises the cultural significance of the site, while promoting social cohesion and economic stimulus for the city centre. The inter-relationship and inter-connections of activities, services and functionality of the buildings, activities and urban landscape is a key factor in the foundations of Te Manawataki O Te Papa.
20. Te Manawataki O Te Papa will have wide reaching sub-regional, city and city centre benefits. It is considered key to unlocking further investment as well as wide ranging social, economic, cultural and environmental benefits. Together with investment by the private sector, these



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projects have the potential to reinstate our city centre as the civic, commercial, and cultural capital of the Bay of Plenty.

21. Outcomes from the delivery of Te Manawataki O Te Papa will include initiation of the regeneration of the city centre that contains a multi-functional, mixed use civic and waterfront development at its heart. A city heart that acknowledges, celebrates, and showcases its natural beauty and cultural significance, where city and nature and history interconnect and the stories of Tauranga Moana are told. It will provide activities and experiences that the people of Tauranga deserve, and visitors expect. It will promote opportunities for welcoming and expression; learning and discovery; appreciating our past and shaping our future; as well as places for entertaining and hosting. Opportunities for new commercial and economic activities, tourism offerings, restoration of natural and cultural character, and improved opportunities for recreation and public access will also be promoted.
22. Te Manawataki O Te Papa will further Tauranga's status as the heart of the Bay of the Plenty region, providing a 'halo' effect or 'uplift' for the Bay of Plenty region and North Island. In particular, providing a regional museum facility that celebrates and showcases Tauranga Moana's rich and varied history, culture and taonga and providing exhibition and event spaces that can attract international and national events.
23. Overall, Te Manawataki O Te Papa will contribute to creating a prosperous, engaged and vibrant community – a place where people will visit, live, work and play; a city centre commensurate with being the fifth largest city in New Zealand and the heart of the Bay of Plenty region.

**A set of projects that collectively work together to create Te Manawataki O Te Papa (the heartbeat of Te Papa)**

24. Te Manawataki O Te Papa is a set of integrated projects that collectively work together to deliver the civic and cultural heart for the city (Figure 1). The campus precinct approach encourages connection between different sites, services and buildings and provides efficiencies through the sharing of 'back of house' facilities and a consolidation of public meeting and presentation spaces.

*Figure 1: Diagram showing the proposed location of buildings within the civic precinct (Te Manawataki O Te Papa)*



25. Three sites make up Te Manawataki O Te Papa:



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- Site A Site A is defined by the land bounded by Willow, Durham, Wharf and Hamilton Streets.
- Projects within Site A comprise a Library, Museum, Exhibition and Events and a Civic Whare set within a civic square. This project also includes the refurbishment of the Baycourt Theatre.
- Site B Site B is defined as the TV3 Site located on Durham Street. This development comprises a Conference and Performance Arts Venue and a hotel.
- Site C Site C includes the upgrade of a section of Willow Street and a section of The Strand between Wharf and Hamilton Streets, Masonic Park and a section of the Waterfront Reserve.
26. Te Manawataki O Te Papa is a set of co-dependent projects with the various proposed projects delivering a wide range of services to our communities, meeting different community needs.
27. With the exception of the Civic Whare and the Baycourt Theatre refurbishment, projects within Site A are typically more developed than projects contained in Sites B and C, with feasibility work and business cases complete for many.
28. Projects within Site B are concept only with no feasibility or detailed works complete. It is intended at this stage that a Conference and Performing Arts Venue and a Hotel would be predominantly privately developed with a high level of private sector funding, where Council potentially could enter into a long-term lease for the Conference and Performance Arts Venue. Further options on this site will be considered as part of the Annual Plan 2023-24 process. Site C projects relate to the waterfront and will be more fully developed alongside the Marine Facilities Strategy.
29. Key projects are therefore at different stages of development, with some reliant on private investors (Performance Arts and Conference Centre and Hotel). It should be noted that each individual project will have 'checks and balances' along the way.
30. The Civic Precinct Governance Group was established in July 2021 to provide governance of the masterplan refresh process and the new 90 Devonport Road administration premises. (Should the Council approve Option 1 for the Civic Precinct development, staff will report to the 28 February meeting with proposed changes to governance arrangements and Terms of Reference to reflect the preferred option.) The governance of the Te Manawataki O Te Papa programme will include decision gateway points clearly established for each project to enable decision makers to confirm the preferred way forward. This will include regular reporting to Council and may also include consulting with our communities along the way as appropriate.
31. Figure 2 illustrates the indicative programme for the delivery of Te Manawataki O Te Papa as a single staged-phased development. Project summaries for key projects for each site are provided in Table 2.

Figure 2: Indicative programme for the delivery of Te Manawataki O Te Papa as a single staged-phased development<sup>3</sup>

DIAGRAM - DEVELOPMENT STAGING:

1	Library	mid 2022 – mid 2025
2	Civic Whare	mid 2023 – mid 2025
3	Exhibition / Events Space	mid 2024 – mid 2027
4	Museum	mid 2025 – mid 2028
5	Hotel, Performing Arts and Convention Centre	mid 2023 – late 2028
6	Masonic Park	mid 2024 – early 2026

*indicative timing from design commencement to project completion*

Table 2: Te Manawataki O Te Papa project descriptions

SITE A	
<b>Civic Whare</b>	<p>The primary functions of the Civic Whare are:</p> <ul style="list-style-type: none"> <li>- Council and Committee meetings</li> <li>- Citizenship and civic ceremonies / functions</li> <li>- Iwi hui and functions</li> </ul> <p>The Civic Whare will also provide a purpose-built space for visiting dignitaries in a culturally appropriate setting.</p> <p>This is the heart of the precinct and the heart of democratic leadership. The civic site is culturally significant to mana whenua and it is therefore fitting that this central building reflects this significance.</p>
<b>Library and Community Hub</b>	<p>The vision for the Central Library and Community Hub is “A vibrant and inspirational hub for everyone to learn, relax, create, socialise, and enjoy”.</p> <p>The purpose of the Central Library Community Hub is to:</p> <ul style="list-style-type: none"> <li>- Provide experiences and opportunities to expand minds, foster creativity, connect with others, access information, find solitude, and have fun</li> <li>- Share and preserve the stories of Tauranga Moana: past, present and future</li> <li>- Support engagement with, and delivery of, the library network both physically and digitally</li> <li>- Contribute to a vibrant city centre that people want to visit.</li> </ul> <p>The library is envisioned as a multi-purpose facility beyond your typical library, providing space for people to gather, play and learn<sup>4</sup>.</p> <p>Note the current Willow Street library will close to the public on 6 March 2022. A new temporary CBD library will open in early April. Demolition of the Willow Street</p>

<sup>3</sup> Extract from Civic Master Plan (refreshed) 2021

<sup>4</sup> There are a number of precedents of libraries being used to encourage these activities, including an Imagination Station LEGO play area at the Tūranga Christchurch library, and a technology lab with a 3D printer and VR sets at the Puke Ariki facility in Taranaki.

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	buildings commences April 2022.
<b>Museum and Exhibition Centre</b>	<p>The visitor experience of these two spaces would be modern; stories and experiences would be offered using digital, interactive, hands-on information and tools as well as through a rich collection of displays; its content would be kept fresh with new exhibitions, activities and events presented through the year.</p> <p>The museum and exhibition centre is proposed to consist of:</p> <ul style="list-style-type: none"> <li>• Long-term exhibitions showcasing Bay of Plenty stories</li> <li>• Multi-purpose exhibition and cultural event space with temporary exhibitions, such as the 'World Press Photo Exhibition'</li> <li>• Activity Rooms and educational group learning spaces to cater for workshops such as arts/craft and design e.g. pottery and ceramics</li> <li>• Discovery centre with hands on learning aimed at families and school aged children</li> <li>• Story pod and play spaces for under 5s</li> <li>• Meeting rooms and theatre for use across the different activities and for private bookings.</li> </ul> <p>The Museum and Exhibition Centre will provide both a destination for domestic and international visitors and an active social space for locals. It will also contribute to enhancing peoples' value of this unique region and their understanding of each other. The Exhibition and Events space will also support the proposed adjacent Conference and Performing Arts Centre when large scale events are held.</p>
<b>Baycourt refurbishment</b>	<p>A refurbishment of Baycourt Community and Arts Centre is proposed, to modernise the facility, improve overall functionality and use of the building, and to reflect the architectural design of other buildings within the Civic Precinct. This project will ideally include:</p> <ul style="list-style-type: none"> <li>- upgrades to the exterior of the building including the addition of a lift on the outside of the building, allowing 24/7 accessible access across the site (this will allow ease of access from the Civic Whare to the upper level of Baycourt);</li> <li>- upgrades to the entrance, foyer, bar and ablutions areas;</li> <li>- fixing sound transference issues between the X Space and Addison Theatre;</li> <li>- reorganisation of the loading bay area;</li> <li>- the creation of additional dressing room space; and</li> <li>- repurposing several internal spaces, subject to the final design of the new performing arts venue and conference centre.</li> </ul>
<b>Civic Plaza</b>	<p>Civic Plaza connects all facilities across the civic precinct site and is the fundamental driver to shape and support activity across the precinct. The landscape creates a series of cascading terraces and functional spaces providing a series of amphitheatres, allowing for activation by providing stages for concerts and events. A view corridor connects the site through Masonic Park to the moana. The civic plaza includes a Ātea as an extension of the Ātea-A-Tū located inside the Civic Whare as the place of welcoming, connection and ceremony as well as providing a space for outside events, exhibitions and concerts.</p>
<b>Masonic Park Upgrade</b>	<p>Masonic Park is an extension of the Civic Plaza providing a visual link to Te Manawataki O Te Papa, the Civic Whare and promoting cultural procession from the moana (waterfront reserve). A series of Wahoroa and pouwhenua provide landmarks and gateways through the site to further celebrate the cultural significance of the site and wider area.</p> <p>The site will provide a series of amphitheatres and spaces for public events and other functions either as multiple small to medium sized events or large public events and performances.</p>
<b>SITE B</b>	
<b>Performing Arts and Conference</b>	Buildings on 21-41 Durham Street (Site B) include a circa 6,100m <sup>2</sup> performing arts and conference centre and a 11,600m <sup>2</sup> hotel.

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<b>Centre and Hotel</b>	<p>The proposed design of the Conference and Performing Arts Centre will allow for large scale conferences, meetings, productions and concerts.</p> <p>Please note there is no recent detailed work for this project. The expectation for this project is that it will be privately developed with a high level of private sector funding. The Council may wish to enter in a long-term lease arrangement with the developer to ensure that the Performing Arts and Conference centre are available as public facilities. As this is Council owned land, consultation with the community on land tenure options may be required prior to proceeding with the development of the site.</p>
<b>SITE C</b>	
<b>Waterfront amenities</b>	<p>Tauranga city centre has one of the most stunning waterfront settings in the country. This project is about reconnecting the city centre to the waterfront through the civic precinct programme so that the waterfront becomes a space for all to enjoy, provides easy access for recreational and cultural water activities, and enables tourist water activities and/or potential water transport routes that service the western Bay of Plenty sub-region.</p> <p>This project includes:</p> <ul style="list-style-type: none"> <li>- Wharewaka and waka launching ramp</li> <li>- Regional playground and waterpark</li> <li>- New wharf at the harbour-end of Wharf Street to potentially cater for water transport services to and from the city – servicing the western Bay of Plenty. This will be aligned with the Marine Facilities strategy currently under development.</li> <li>- Identifying how these projects connect to the wider city centre waterfront space to provide a comprehensive plan for the land, water and interface along the city centre water's edge.</li> <li>- The waterfront reserve will have a visual link to the Civic Whare located on the Civic Precinct and will culturally link the moana to Te Manawataki O Te Papa.</li> </ul> <p>Cultural elements in the design include Pouwhenua located on the Waterfront Reserve and in the design of paving and furniture.</p>

32. Discussions are underway with the Art Galley as to the implications of the Masterplan for the gallery, particularly the enhancements to Masonic Park. The intention is to explore opportunities to maximise the benefits of the investments
33. Further detail at a project level will be made available on the council's website during the consultation phase.

**Benefits of creating a civic heart**

34. A summary of key sub-regional, city and city centre benefits are provided in Table 3, themed by social, cultural, economic and environmental benefits.

*Table 3: A summary of key social, cultural, economic and environmental benefits to be delivered by Te Manawataki O Te Papa*

<b>Social</b>	<ul style="list-style-type: none"> <li>• Improved interaction between people and communities through improved public spaces and facilities in the heart of the city that encourage people to live, learn, play and connect</li> <li>• Fostering a sense of belonging, inclusion, and city pride through provision of an active, vibrant and welcoming city centre.</li> <li>• Building collaboration through community partnerships, including a visible partnership with mana whenua through cultural design and cultural activities</li> <li>• Supporting learning, creativity and the accessibility of information through increased provision of information and services; accessibility of technology and resources; and support for study, business and personal development</li> <li>• Valuing our stories, celebrating our history and increases in understanding of</li> </ul>
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	<p>the many communities that make up Tauranga</p> <ul style="list-style-type: none"> <li>• A dedicated community space (Civic Whare) for democratic decision-making and civic functions that encourages appropriate tikanga to be observed in a local government context</li> <li>• Increased opportunities for recreation and public access in the city centre</li> </ul>
Cultural	<ul style="list-style-type: none"> <li>• Repositioning Tauranga's cultural life from a modest regional centre to accessing the 'best of the rest of the world' through the provision of international and national events</li> <li>• Supporting and increasing the capacity of the local creative community</li> <li>• Celebration of Tauranga's strong identity and long and rich history</li> <li>• The cultural significance of the civic site to mana whenua is acknowledged and is demonstrated through the genuine partnership approach between Council and mana whenua</li> <li>• The history and culture of mana whenua is elevated and celebrated e.g. integrate cultural art and imagery into areas in the Tauranga CBD, protect and celebrate cultural heritage sites, stories are shared via curriculums, amenity and physical spaces</li> <li>• Addressing cultural considerations and historical grievances through the civic precinct site</li> </ul>
Economic	<ul style="list-style-type: none"> <li>• Attracting new visitors, new businesses, and new talent to our growing city</li> <li>• Growing the Bay of Plenty visitor economy by providing an improved destination with a more varied tourism offering, such as performing arts, museum and/or conferences</li> <li>• Supporting local business in the city centre by activating spaces through improved facilities, activities and events that encourage people to connect in the city centre</li> <li>• Stimulating a sustainable and vibrant economic future for the city by acting as a catalyst for further private investment within the city centre</li> </ul>
Environment	<ul style="list-style-type: none"> <li>• Increased appreciation, interaction and connection between the city and the waterfront and water, through improved access, viewshafts and activation of different spaces to encourage movement of people between city and water.</li> <li>• Opportunity for environmentally sympathetic design to be implemented.</li> </ul>

Benefits of acknowledging our past in planning for our future

35. The Civic Precinct site is culturally significant to mana whenua of Tauranga Moana, particularly Ngai Tamarāwaho, Ngāti Tapu and Te Materāwaho. It was originally part of Te Papa, the central kāinga (village) of early Tauranga attracting people to a natural landing for waka, to access fertile cultivations, for trade, for gathering, for discussion and for interactions. It was heavily occupied and utilised pre-European arrival. In the 1800s the area was a hive of activity, attracting people for trade, commerce, education, learning, hospitality, and entertainment. This central hub of activity eventually grew into what we know as Tauranga today.
36. Upon arrival of the missionaries the Civic Precinct site was subject to land acquisition by the Christian Missionary Society (CMS). Between 1866 and 1867, four-fifths of the CMS land was transferred to the Crown and confirmed under the Tauranga District Lands Act 1867. Between 1885 and 1886, the Crown vested the land as reserve in the then-Borough of Tauranga, as an endowment in aid of Borough Funds. In 1930, the land changed its purpose of reserve to a site for a town hall and other municipal buildings. In 1982, the land was classified as Local Purpose (municipal buildings) Reserve subject to the Reserves Act 1977. In 1995, the land was issued to the Mayor, Councillors and Citizens of the Borough of Tauranga for Local Purpose (municipal buildings) Reserve subject to the Reserves Act 1977. Collectively, these actions are considered by tangata whenua to amount to a confiscation of the lands.
37. As a result of the alienation from the Church to the Crown as outlined above, mana whenua maintain that the original purpose was not upheld and have sought to be reconnected to the whenua. This has been continuously and consistently reinforced through protests,

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occupations and arrests throughout time. The reconciliation of the disconnection is a significant priority for mana whenua, as it is for Council.

38. Te Manawataki o Te Papa project acknowledges the significance of the civic precinct site to mana whenua. Inclusion of a Civic Whare in the heart of the precinct and the partnership approach to Te Manawataki o Te Papa (including collaboration with representatives from Ngai Tamarāwaho, Ngāti Tapu and Te Materāwaho, as represented by the Otamataha Trust) provides a beginning to reunite mana whenua with this site.
39. Otamataha Trust has gifted Council the name 'Te Manawataki o Te Papa' for the future civic precinct. Translated literally, Te Manawataki o Te Papa means 'the heartbeat of Te Papa' – intended to reflect the civic precinct's location in the heart of Tauranga, and how the site's history and future can be symbolised by a heartbeat or active pulse for the city. Te Manawataki o Te Papa fittingly describes what the future civic precinct will mean for communities within the city and wider area in years to come. It also appropriately reflects the history of the site, with the area on and around the civic precinct known as Te Papa by both Māori and early settlers.

### Benefits of a campus approach for design

Te Manawataki O Te Papa campus enables co-location of facilities across buildings. This results in a more efficient utilisation and allocation of spaces with a reduced Gross Floor Area (GFA) across the campus, as compared to the alternative more traditional independent building approach<sup>5</sup>. This approach allows the following facilities to be effectively co-located and/or shared across the campus:

- Meeting rooms
  - Publicly accessible gathering spaces and facilities
  - Flexible function and education spaces
  - Shared Civic Spaces (whare and debating chamber)
  - Food and beverage offerings
  - Public toilets and associated amenities
  - Staff rooms and staff facilities
  - Administration offices
  - Catering and kitchens
  - Waste and recycling
  - Storage
40. Staging these buildings would limit the effectiveness or ability for them to function as an interdependent facility. A reconsideration of these as independent and future linked buildings would likely require reconfiguration of the masterplan and additional GFA.

### Benefits of a campus project delivery methodology

41. The holistic campus planning / delivery approach is viewed as one large ongoing project; constructing and delivering individual buildings in a staged manner, overlapping if possible, moving from one building construction to the next.

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<sup>5</sup> For example, the Civic Whare toilet and catering requirements have been integrated into the Exhibition building footprint, creating a co-dependant yet efficient response. The Museum footprint contains the public interface exhibition and discovery spaces and requires the exhibition building to provide its back of house functionality - staff, facilities, storage & technical facilities.

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42. This programme campus construction approach provides the opportunity to retain design and delivery teams and their shared knowledge and experience of the project and the understanding of the Client's aspirations. In the current resource constrained market, the project is competing with projects of scale in all the major urban areas for talented consultants. By aggregating the project as a continuous pipeline the Council partners are better able to attract and retain the talent needed to deliver the project
43. Other financial benefits include cost savings in site, plant, and heavy construction equipment establishment, coordinated design, planning and installation of civil connections to ensure minimal disruption to traffic because of multiple road openings, and correct sizing of services such as electrical transformers and supply cables to achieve a 'do it once do it right' outcome. The campus delivery model assumes an overlap in the design, consenting and occasionally construction stages of each building. If the design process for each building does not begin until the prior building is completed, the project is potentially exposed to construction cost escalation.

### Project costs

44. Table 4 outlines project costs for key elements of Te Manawataki O Te Papa programme. Project costs (including inflation) total \$303.4M and are delivered over the 2022-28 timeframe.

Table 4: Project costs for Te Manawataki O Te Papa<sup>6</sup>

Project	Completion	Total Cost Proposed LTP Amendment (\$,mils)
Library	Jun-25	\$82.9
Public amenity space - Civic Plaza	Staged	\$13.3
Museum & Exhibition Centre	Jun-28	\$106.4
Civic Whare	Jun-25	\$21.2
Masonic Park Upgrade	Jun-26	\$9.3
Baycourt Upgrade	Jun-28	\$11.3
Waterfront Reserve	Jun-27	\$15.5
Willow Street Shared Space	Jun-26	\$13.1
Durham Street Upgrade	Jun-28	\$4.8
Wharf	Jun-28	\$25.6
<b>TOTAL</b>		<b>\$303.4</b>

### Financial Considerations

45. Table 5 provides details of the individual project costs, funding and estimated annual operating costs on completion of the project (note all costs are inflated and do not include debt retirement).
46. The total cost of delivering the preferred option is \$303.4m. The average annual operating costs are \$22.6m, and results in additional rates requirement of 0.4% in 2023 with gradual rates increases over the following five years equating to a total rates requirement averaging 0.7% per annum over the period of the LTP. The programme will be supported by a specialist team from 2023 to 2029.

<sup>6</sup> Note: The 'Performance Arts and Conference Centre and Hotel' is not included in the project cost table as the expectation is that this will be privately developed and funded.

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47. Targeted rate options are also considered to fund these projects and will be discussed in the report Long Term Plan Amendment Financials (A13215931) to be presented to the Council meeting of 28 February 2022.
48. Table 5 is based on the costings provided in the masterplan plan by RLB Quantity Surveyors. These costs are currently being further refined as part of enhanced concept plans and will be presented to the Council and form part of deliberations. The current costs are based on the following assumptions:
- Cost escalation 5% per annum
  - Contingencies are included within the current estimations. Further design work will refine these contingencies.
  - Programme of works commencing with design in 2023 with construction staged over the next six years,
  - Programme completion by June 2028.
49. The sum of \$500,000 has been provided in the 2023 operational budget to complete business cases where necessary (for example for the wharf). Where business cases are not yet complete holding capital budgets are held in the later years, which will be refined as feasibility work progresses. Approval is sought to loan fund \$600,000 operational costs (the \$500,000 above plus internal costs) as these costs provide a long-term benefit. It is proposed that the costs are loan funded with debt retirement over five years.
50. Budgets from two projects approved in the LTP have been transferred to the Programme, these are:
- Te Papa CBD Community Hub \$11.8m transferred to Library which now includes the Community Hub
  - Te Papa CBD streetscape budget of \$6.5m transferred to part fund Willow and Durham Streetscapes.

Table 5: Project costs, funding and estimated annual operating costs for Te Manawataki O Te Papa

Project	Capital			Operating
	2021-31 LTP (\$mil)	Proposed 2021-31 LTP Amendment (\$mil)	Variation to LTP (\$mil)	Annual costs on Completion (\$mil)
Library & Community Hub	\$64.2	\$82.9	\$18.7	\$6.2
Public Amenities - Civic Plaza	\$6.3	\$13.3	\$7.0	\$0.9
Museum & Exhibition Centre	\$0.0	\$106.4	\$106.4	\$8.1
Civic Wharf	\$0.0	\$21.2	\$21.2	\$1.3
Masonic Park Upgrade	\$5.5	\$9.3	\$3.8	\$0.6
Baycourt Upgrade	\$0.0	\$11.3	\$11.3	\$1.0
Waterfront Reserve	\$0.0	\$15.5	\$15.5	\$0.8
Wharf	\$0.0	\$25.6	\$25.6	\$1.6
Willow Street	\$5.4	\$13.1	\$7.7	\$0.3
Durham Street	\$1.1	\$4.8	\$3.7	\$1.0
Civic Precinct Support	\$0.0	\$0.0	\$0.0	\$0.7
<b>Total</b>	<b>\$82.5</b>	<b>\$303.4</b>	<b>\$220.9</b>	<b>\$22.6</b>

Note that operating costs include the costs to run the facility, debt servicing costs (interest) and depreciation. (For the library the costs in the table represent the incremental costs over the existing costs of the library service.)



51. For more financial details please refer to Attachment 1.

### Funding considerations

52. Te Manawataki O Te Papa proposed funding is a mix of TCC debt and external grants. Table 6 provides details of the indicative funding based on earlier advice from the Giblin Group. The current programme funding mix is external grants \$73.8m and TCC funding of \$229.6m incremental over the next 6 years.
53. Based on previous advice the external grant funding is considered realistic, however, an updated funding report is currently being completed by the Giblin Group and this will be presented to Council as part of the LTPA deliberations.
54. As shown in Table 6, external grant funding is estimated at 12% for the Library and Community Hub and 50% for the Museum & Exhibition Centre and Civic Whare. All other projects are 100% loan funded. The construction of the grant funded projects is dependent on receiving the level of grant funding reported or sourcing alternative funding (other than further increases in rates).
55. Other funding opportunities for the programme has been identified, including revenue from asset realisation and a central government grant related to the Three Waters Reform. These and other funding opportunities are discussed in the LTPA funding report 'Long Term Plan Amendment Financials' (A13215931) to be presented to the Council meeting on 28 February 2022. Noting the risks and assumptions to be laid out in that report, it is estimated that asset realisations at book value may generate \$30m to \$40m, and that the government grant relates to the Three Waters Reform is \$48m. These will be used to offset some of the \$229.6m noted below.

Table 6: Proposed funding model for Te Manawataki O Te Papa

Project	Proposed 2021-31 LTP Amendment (\$mil)	External Grant Crown & Other (\$mil)	TCC Funding* (\$mil)
Library & Community Hub	\$82.9	\$9.9	\$73.0
Public Amenities - Civic Plaza	\$13.3	\$0.0	\$13.3
Museum & Exhibition Centre	\$106.4	\$53.2	\$53.2
Civic Whare	\$21.2	\$10.6	\$10.6
Masonic Park Upgrade	\$9.3	\$0.0	\$9.3
Baycourt Upgrade	\$11.3	\$0.0	\$11.3
Waterfront Reserve	\$15.5	\$0.0	\$15.5
Wharf	\$25.6	\$0.0	\$25.6
Willow Street	\$13.1	\$0.0	\$13.1
Durham Street	\$4.8	\$0.0	\$4.8
<b>Total</b>	<b>\$303.4</b>	<b>\$73.8</b>	<b>\$229.6</b>

\* by utilising asset realisations and government grants related to the Three Waters Reform, it is expected that ratepayer-funded loans will not exceed 50% of the total project financing (i.e. \$151.7m based on the total costs in Table 6).

**OPTION 2 – MODIFIED STATUS QUO – CIVIC PRECINCT PROJECTS AND SERVICES CURRENTLY INCLUDED IN THE LTP 2021-31**

56. Following consultation with our communities on the LTP 2021-31, Council included \$76.0M in the budget for the development of a new library and community hub, to promote learning and education, and an enhanced urban space to promote activation and entertainment (this is referred to as 'Public Amenity Space' and 'Masonic Park upgrade' in Table 7). At this time, Council Chambers were to be located in the new Civic Administration building at 90 Devonport Road.

*Table 7: Option Two: Civic precinct projects currently planned in the LTP 2021-31 (with updated costings), note all costs are inflated.*

Project	2021-31 LTP \$(mil)	Updated Costings \$(mil)	Variation to LTP \$(mil)
Library & Community Hub	\$64.2	\$82.9	\$18.7
Council Chamber/Civic Whare (located on Willow Street)	\$0.0	\$21.2	\$21.2
Public amenity space - surrounding Library & WhareCivic Plaza	\$6.3	\$13.3	\$7.0
Masonic Park Upgrade	\$5.5	\$9.3	\$3.8
<b>Total</b>	<b>\$76.0</b>	<b>\$126.8</b>	<b>\$50.8</b>

57. Option Two broadly provides the same level of service as currently contained in the LTP 2021-31. This option includes a subset of projects contained in Te Manawataki o Te Papa:
- New library and community hub
  - Public amenity space
  - Council Chambers / Civic Whare
  - Masonic Park upgrade
58. For clarity, there is no museum, exhibition or events space, Baycourt upgrade, waterfront reserve development and wharf or civic plaza.
59. Option Two is a modified status quo option with adjustments to project costs totalling \$126.8M. Table 7 outlines project costs as included as part of the LTP 2021-31 and updated 2022 costs for each project. Adjusted costs show a \$50.8M variation from the LTP 2021-31, reflecting inflation, scope change and the relocation of Council Chambers/Civic Whare from 90 Devonport Road (originally planned to be part of the Civic Administration Building) to Willow Street on the civic precinct site. This relocation is due to inadequate space requirements and to recognise the site's significance to mana whenua, a new Council Chambers / Civic Whare is proposed to be located on the Willow Street site.

**Financial Considerations**

60. The updated costing of the option 2 programme is \$126.8m, which is \$50.8m more than approved in the 2021-31 LTP. Cost increases are attributed to:
- The scope of design of the Library has been updated and the revised costing includes a Community Hub.
  - The Civic Whare has been included on the Willow Street site whereas the adopted 2021-31 LTP included provision for a formal Council debating chamber as part of the

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development of the council administration building on Devonport Road. Because that building is to be leased by council there is no compensating offset in capital costs when relocating the chambers to the Willow Street site. However, should the removal of the council chambers result in council requiring less space in the Devonport Road building it may be possible to sub-lease the unutilised space and thereby recoup some costs. Such an amount is not able to be quantified at this stage.

- Building costs have risen significantly over the last two years and Willis Bond have advised that costs will continue to rise at 5% per annum over the next 6 years or more. The current costing for the Library has been provided by RLB Quantity Surveyors and reviewed by Willis Bond. Further refinements to the costings and design are currently being undertaken, with budgets based on construction work commencing mid-2023.
- The cost for the public amenity space on the Willow Street site, without the development of the Museum and Exhibition Centre will need to cover the entire site, the current costing will need to be refined should the Museum and Exhibition Centre development not be approved.

61. For more financial details please refer to Attachment 2.

### Funding Considerations

62. Funding in 2021-31 was based on 9.8% of the Library being funded from external grants, and the remaining projects all being 100% debt funded.
63. Updated costings are based on the library with the addition of the community hub attracting external funding of 12% and the Council Chamber/Civic Whare attracting external funding of 50%. These funding changes are shown in Table 8.
64. The updated costing for the projects results in a debt requirement of \$106.3m which is an increase of \$35.4m compared to the LTP, and an increase of \$15.3m in external grant funding compared to the LTP.

Table 8: Updated costs and funding model for modified status quo option

Project	2021-31 LTP \$(mil)	2021 - 31 LTP Loan Funding \$(mil)	2021 - 31 LTP Grant Funding \$(mil)	Updated Costings \$(mil)	Updated Loan Funding	Updated Grant Funding	Variance Loan Funding	Variance Grant Funding
Library & Community Hub	\$64.2	\$59.1	\$5.1	\$82.9	\$73.1	\$9.8	\$14.0	\$4.7
Council Chamber/Civic Whare (located on Willow Street)	\$0.0	\$0.0	\$0.0	\$21.2	\$10.6	\$10.6	\$10.6	\$10.6
Public amenity space - surrounding Library & Whare - Civic Plaza	\$6.3	\$6.3	\$0.0	\$13.3	\$13.3	\$0.0	\$7.0	\$0.0
Masonic Park Upgrade	\$5.5	\$5.5	\$0.0	\$9.3	\$9.3	\$0.0	\$3.8	\$0.0
<b>Total</b>	<b>\$76.0</b>	<b>\$70.9</b>	<b>\$5.1</b>	<b>\$126.8</b>	<b>\$106.3</b>	<b>\$20.4</b>	<b>\$35.4</b>	<b>\$15.3</b>

# OPTIONS ANALYSIS

65. Key benefits, disadvantages and risks for each option are outlined in Table 9 and 10 below.

*Table 9: Option One: Te Manawataki O Te Papa (Civic Precinct) Masterplan (Refreshed 2021)*

Description	
<p>Delivery of Te Manawataki O Te Papa from 2022-2028 at an estimated total of \$303.4M. This is a set of integrated projects that collectively work together to deliver the civic and cultural heart for the city. A suite of projects that will together revitalise the civic centre.</p> <p>Key projects include:</p> <ul style="list-style-type: none"> <li>• Civic Whare</li> <li>• Library and community hub</li> <li>• Museum and exhibition centre</li> <li>• Baycourt refurbishment</li> <li>• Performing Arts and Conference Centre and Hotel</li> <li>• Waterfront amenities</li> <li>• Civic Plaza</li> <li>• Masonic Park Upgrade.</li> </ul>	
Benefits	Disadvantages
<p>Delivers significant community, city and subregional benefits and leads to a significant change to the level of service that Council provides to the community.</p> <p>Provides communities with a revitalised civic and cultural city centre (including a new museum, library and civic whare) that is commensurate with being the fifth largest city in New Zealand.</p> <p>Delivery in accordance with the adopted masterplan provides a coherent and integrated plan forward for the civic site and removes the need for decisions on a staged project by project basis.</p> <p>Achieves wide-ranging social, cultural, economic and environmental benefits (as described above).</p> <p>Campus precinct approach encourages connection between the different sites and also the environment. It also enables the sharing of activities and facilities, such as meeting and function spaces, and 'back of house' facilities such as kitchens and toilets – all providing better connection, efficiencies and cost savings.</p> <p>Campus approach provides 'economies of scale' in design, procurement and construction, and the ability to leverage greater utilisation opportunities.</p> <p>Less disruption to the CBD if works are completed within a short timeframe 2022-28.</p> <p>Commitment to deliver a programme of works acts as a catalyst for further private investment</p>	<p>Some members of the public may feel confused about process matters as the LTP has recently been adopted and this LTP amendment will also need to be consulted on with our communities.</p> <p>An increase in debt and rating levels to invest in these facilities (noting that the potential increase in debt is partially offset by asset realisations and government grants related to the Three Waters Reform).</p>

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<p>in the city centre as it improves investor confidence.</p> <p>Aligns with strategies and policies relating to the city centre and helps achieve the 'connected centres' approach outlined in UFTI.</p> <p>Delivers a suite of historical projects (e.g. museum, new library) that align with community perceptions about what they would like in the city centre.</p> <p>Aligns with Council's signed partnership agreement with Willis Bond.</p>	
<p><b>Key risks</b></p> <p>Projects sitting within the masterplan are at various stages of development and therefore may risk being stalled due to various factors e.g. lack of external funds and/or project cost escalation. This risk is further amplified by the interconnected nature of this programme of works with many projects co-dependent on another through the sharing of spaces and/or facilities. Checks and balances at set project milestones will be needed as well as decision gateways for each project to mitigate this risk.</p> <p>Funding arrangements will need to be investigated and secured. If adequate funding is not secured this will put the overall benefits to be realised through Te Manawataki O Te Papa at risk. As above, this risk is further amplified by the interconnected nature of this programme of works with many projects co-dependent on another through the sharing of spaces and/or facilities. Depending on the success or otherwise of potential funding streams, this may require a level of flexibility in the timing and phasing of civic precinct projects.</p> <p>Reputational risk is high with a high level of public debate expected on Te Manawataki O Te Papa. Clarity around the level of service this programme will create in relation to the level of investment will be needed for consultation purposes.</p> <p><b>Key financial risks</b></p> <p>This programme of works includes capital expenditure significantly in excess of that included in the Long-Term Plan (LTP). Those debt levels (in the LTP) meant that Council was at the limit of its prudent debt ratios. The full financial impact of this paper will be included in a separate LTPA report ('Long Term Plan Amendment Financials' (A13215931)) to be presented to Council on 28 February 2022. This will include the overall impacts on council's debt and rates of all relevant adjustments to the Long Term Plan and the impact on councils balance sheet ratios.</p> <p>As discussed above, the projects included in this programme of works include a level of contingencies. Updated project costs are expected to be obtained during the consultation process. If these revised costs are significantly in excess of those consulted upon, particularly as relates to earlier projects within the programme of works, consideration should be given as to whether further consultation is required. We are currently in discussions with Audit NZ to get a better feel for what they would consider a material change but in the final analysis this will be a political decision. This risk could be reduced by adding an additional level of contingency to the project costs, increasing the debt and rates impacts in the consultation document.</p> <p>Several of the key projects (see Table 6) include a level of external funding. An updated report on the likelihood of achieving this level of external funding will be reported upon during deliberations. If the actual levels of external funding are significantly less than those outlined consideration should be given as to whether further consultation is required. This risk could be reduced by reducing the level of external funding on some or all of the projects, increasing the debt and rates impacts in the consultation document.</p>	

Table 10: Option Two – Civic precinct projects as currently planned for in the LTP 2021-31

Description	
<p>Delivery of the civic centre projects as consulted on in the recent LTP process from 2022-2026 at an estimated cost of \$126.8M. Key projects include:</p> <ul style="list-style-type: none"> <li>• new library</li> <li>• public amenity space</li> <li>• Council Chambers / Civic Whare</li> <li>• Masonic Park upgrade.</li> </ul> <p>Please note project costs have been updated from the original LTP 2021-31 and the Council Chambers / Civic Whare project has relocated from the Civic Administration Building at 90 Devonport Road to the civic site on Willow Street (i.e. this is not a 'new' project).</p>	
Benefits	Disadvantages
<p>Delivers community benefits and leads to a positive change to the level of service that Council provides to the community.</p> <p>No need to reconsult with the community as no LTP amendment is required.</p> <p>Less cost to ratepayers with project costs totalling \$126.8M over 5 years.</p>	<p>Lost opportunity to progress an integrated suite of interconnected civic and cultural projects.</p> <p>Misalignment with Council's signed partnership agreement with Willis Bond relating to the civic site.</p> <p>Inefficiencies, duplication and disconnection between projects as there is no overall vision or integration between projects and their design and implementation. This does not allow for sharing of costs relating to procurement and construction.</p> <p>Potential negative impact on Council's relationship with mana whenua if the civic campus vision, including the Civic Whare, does not proceed as there will be less scope to make the site culturally appropriate.</p> <p>Potentially sub-optimal investment and cost escalation for some projects as the ability to share facilities is removed.</p> <p>Potentially could disrupt the city centre for longer with project construction.</p>
Key risks	
<p>The primary risk of proceeding with this option is the lost opportunity to realise the full extent of benefits associated with Te Manawataki O Te Papa. In the future, it is likely that a programme of works to activate the civic heart of the city centre (similar to Te Manawataki O Te Papa masterplan) will be revisited and implemented. If this is to occur, it is likely to be at a higher cost to the community. Extending the development of the site over an extended time will also result in the site being considered as an ongoing construction zone thereby reducing the public amenity and enjoyment of completed facilities within the site.</p> <p><b>Key financial risks</b></p> <p>While significantly reduced compared to Option One, the same risks in relation to overall debt levels, contingencies and grant funding still exist under Option Two.</p>	

66. Te Manawataki O Te Papa (Option One) is the recommended option for consultation with our communities through an amendment to the LTP 2021-31. Option One recognises the need for an integrated programme of investment that will help transform the civic heart of the city centre. This option has a focus on connection between projects in relation to shared spaces, shared facilities and sharing of costs. It is steeped in cultural design providing connection

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with our past and with our environment, particularly Te Awanui. It is considered that Option One clearly aligns with current strategy and policy and will provide wide ranging social, economic, cultural and environmental benefits that will have a positive impact on our communities today and in the future.

67. Te Manawataki O Te Papa will be a catalyst for future investment in the city centre and will help grow our visitor economy through large scale events, a museum, conferences and other tourism offerings. Locally it will provide much needed support to business in the city centre and the local creative community; while fostering learning, creativity and support for study and personal development. As a catalyst, it provides an opportunity to reinstate the city centre to one that we can all be proud to live, learn, work and play in.
68. As shown in Table 11, capital spend for Te Manawataki O Te Papa is substantially higher (\$303.4m compared to the modified status quo option of \$126.8m). It is considered that the additional \$176.6m provides a wide range of additional facilities within the civic precinct including the Museum and Exhibition Centre, Waterfront Reserve and Wharf, Willow Street shared space and upgrade to Durham Street between, Wharf and Harington Streets.

Table 11: Cost comparison of options

Measure	Option 1 \$(mil)	Option 2 \$(mil)	Variance
Capital Expenditure	\$303.4	\$126.8	\$176.6
<i>Funded by</i>			
Grant Funding	\$73.8	\$20.4	\$53.5
Gross Debt	229.6	\$106.4	\$123.2
Other Funding Applied (incl. asset realisation)	77.9 <sup>7</sup>	0	77.9
Net Rate Funded Debt	151.7	106.4	45.3
Average Operating costs on completion	\$22.6	\$9.0	\$13.6
Average annual rates increase	0.7%	0.4%	0.3%
Number of years to reach total rates increase	8	7	1

69. If Council agrees to consult the community on Te Manawataki O Te Papa (Civic Precinct) Masterplan (Refreshed 2021) as part of the LTP 2021-31 amendment process, then Option Two should be presented as the 'modified status quo' alternative.

#### LEGAL IMPLICATIONS / RISKS

70. The Local Government Act 2002 (LGA) enables a local authority to amend its Long-Term Plan (LTP) at any time (section 93(4)). It also sets out that a decision to significantly alter the intended level of service provision for any significant activity undertaken by a local authority triggers a long-term plan amendment (section 97).
71. Due to the introduction of a museum and exhibition/events facility into the civic precinct proposal, resulting in a significant change in level of service for a significant activity, a decision to implement the civic precinct refreshed masterplan programme (Te Manawataki O Te Papa) requires an amendment to the Council's LTP 2021-31. Council will therefore need to consult on this amendment through the special consultative procedure required by the LGA (section 93(5)) to reach decisions on the amendments to the LTP.

<sup>7</sup> As noted in paragraph 55, asset realisations and government grants relating to the Three Waters Reform will reduce the ratepayer-funded debt to be a maximum of 50% of total project costs.

## Ordinary Council Meeting Agenda

21 February 2022

72. For a description of key risks, please refer to the 'Options Analysis' section.

**SIGNIFICANCE**

73. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
74. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
- (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  - (b) any persons who are likely to be particularly affected by, or interested in, Te Manawataki O Te Papa (Civic Precinct) Masterplan (Refreshed 2021).
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
75. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the decision is of high significance.

**CONSULTATION / ENGAGEMENT**

76. Taking into consideration the above assessment, that the decision is of high significance, officers are of the opinion that the following consultation/engagement is required under the Local Government Act 2002.
77. Due to a significant change in level of service for a significant activity, a decision to implement Te Manawataki O Te Papa (Civic Precinct) programme requires an amendment to the Council's Long-term Plan (LTP) 2021-31. Council will therefore need to consult on this amendment through the special consultative procedure required by the Local Government Act (section 93(5)) to reach decisions on any amendments to the LTP 2021-31.

**NEXT STEPS**

78. Council will prepare a consultation document on this amendment through the special consultative procedure required by the LGA (section 93(5)) to reach decisions on the amendments to the LTP. As set out in section 93D of the LGA, the content of the consultation document for amendment of the long-term plan will include:
- a description of the proposed amendment
  - The reasons for the proposed amendment
  - The implications (including financial implications) of the proposed amendment
  - Any alternatives to the proposed amendment that the local authority may wish to discuss with its communities.
79. The consultation document will be audited and then presented to Council for adoption in late March with the consultation period starting shortly afterwards.
80. A full cost refresh will occur prior to the deliberations on the Long-Term Plan Amendment following the consultation process and will be reported back to Council at that time.

**ATTACHMENTS**

1. **21-2-22 Council report - Detailed Financials - Preferred Option - A13226558**
2. **21-2-22 Council report - Detailed Financials - Status Quo - A13226710**



**11.4 Transport System Plan – Infrastructure Funding and Financing Proposal****File Number: A13429837****Author: Ben Corbett, Team Leader: Growth Funding****Authoriser: Christine Jones, General Manager: Strategy & Growth****Please note that this report contains confidential attachments.**

Public Excluded Attachment	Reason why Public Excluded
Item 11.4 - Transport System Plan – Infrastructure Funding and Financing Proposal - Attachment 1 - Confidential Attachment - Transport System Plan	s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.

**PURPOSE OF THE REPORT**

1. The purpose of this report is to provide feedback on the public consultation that has occurred through the LTPA process on the utilisation of the Infrastructure Funding and Financing (IFF) mechanism to fund the Transport System Plan (TSP) projects

**RECOMMENDATIONS**

That the Council:

- (a) Approve the Long-Term Plan Amendment reflecting Infrastructure Funding and Financing Levy (IFF) as a means of funding for Transport System Plan (TSP) Projects.
- (b) Approves the addition of the following projects to the TSP IFF project schedule:
  - (i) Tauranga Crossing Bus Facility Improvements
  - (ii) City Centre Transport Hub
  - (iii) Barks Corner to Tauranga Crossing Multi-modal local road components
  - (iv) SH2 Revocation – Cameron Rd to Bethlehem
- (c) Receives a further report on the outcome of finance proposals and further advice on the status of Waka Kotahi Funding to enable a final decision to be made on whether to proceed with a IFF Levy to finance and fund the 14 identified TSP projects.
- (d) Supports the drafting of a Levy Proposal and associated documentation in preparation for seeking Ministerial approvals should the IFF Levy be fully endorsed.

**EXECUTIVE SUMMARY**

2. On 28 February 2022, Council resolved to consult through its Long-term Plan Amendment (LTPA) on whether to use an Infrastructure Funding and Financing (IFF) model to finance delivery of infrastructure at Tauriko West.
3. Submissions were received from residents with a range of feedback on the proposal. This report summarises the submissions received and responds to the main themes and questions raised by submitters.
4. Staff have put two options to Council, either to:

- (a) Continue pursuing an IFF opportunity; or
  - (b) Remain with the status quo of TCC's financing model and continue to recover costs for the LTPA through a targeted rate, other rating for debt repayment and some reliance on development contributions
- 5. This report notes that there is significant uncertainty with Waka Kotahi funding. To address some of this risk, the TSP project list has been extended with four additional projects which could be used within the overall TSP program.
- 6. It is important to note that the decision-making processes for IFF, FAR and State Highway funding streams are not aligned. Due to the legislative framework, funding constraints, and business process within Waka Kotahi operates, a non-standard pathway will require greater levels level of certainty. Work is underway to explore this pathway however this has not yet been completed.
- 7. Staff recommend that Council continue to pursue the IFF opportunity as it provides the best option for maximising the range of funding sources open to TCC and preserves TCC's balance sheet capacity to provide flexibility of choice for future investments. This option ensures IFF remains a realistic opportunity for TCC while also providing time to resolve outstanding uncertainties.
- 8. If resolved by Council, the TSP IFF will be incorporated into the LTPA. A finance tender process will be undertaken to understand the cost of finance and refine the levy model. Staff will revert to Council with the draft levy proposal for approval before submitting a levy proposal to central government for approval.

## BACKGROUND

- 9. TCC is facing constrained borrowing capacity as it looks to deliver on its Long-term Plan 2021/31 and Long-term Plan Amendment. To relieve this constraint TCC is investigating utilising the Infrastructure Funding and Financing Act 2020 (IFF) to raise funds that do not increase its net borrowing position.
- 10. Through the IFF, a Crown owned company borrows money from the private sector and makes the proceeds available to TCC to fund certain infrastructure projects. The borrowings are then repaid by the Crown owned company levying certain properties in Tauranga annually. This means that nearly all properties would pay an annual statutory charge for a period of 25 – 30 years to fund projects. This approach of private sector lending avoids TCC needing to borrow money to fund the projects itself.
- 11. TCC is proposing to use an IFF model to fund:
  - (a) \$200m of costs towards 10 projects within the approved Transport Systems Plan. This would partially replace the targeted rate previously proposed in the 2021/31 Long-term Plan with a citywide IFF levy; and
  - (b) \$60m of the costs of delivering infrastructure at Tauriko West. This would be repaid by a levy on properties within the Tauriko West urban growth area (this proposal is covered in a separate report to Council).
- 12. The original ten TSP projects are:

Description	Total Cost
	(\$m)*
Cameron Road Multimodal Upgrade - Stage 1	61
Cameron Road Multimodal Upgrade - Stage 2	148
Tauriko West Enabling Work Package	178
Papamoa East Interchange	92
Cameron Road Corridor Connections (Cycling, PT and pedestrian)	14
Hewletts Sub Area (Totara, Hull, Maunganui)	122
Turret Road	55
Welcome Bay Rd Multimodal Upgrade	14
Primary Cycle Route Facilities (Accessible Streets programme - Area A Mount / Papamoa / CBD)	61
Primary Cycle Route Facilities (Accessible Streets programme - Area B Otumoetai / Bellevue / Brookfield)	54
Total	798

*\*Uninflated project costs*

13. For TCC, the key advantage of using an IFF model is that it enables this infrastructure to be financed and funded without increasing TCC's debt levels. TCC can then use its financial capacity to borrow to deliver other projects in the Long-term Plan and Long-term Plan Amendment. The 2021 – 2031 included a debt retirement levy of \$500 million in order to manage balance sheet debt levels.
14. Without this IFF arrangement, TCC would have to recover costs for the TSP program through the targeted rate, general rates and development contributions or may delay or postpone projects in order to remain within its debt cap.
15. While the rates burden is shifted from the targeted rate through to levy under the IFF, this results in a lower yearly cost in the first ten years of the levy schedule to property owners through spreading out the cost of debt repayment over a longer period of time. This is due to the need to charge debt retirement rates levy to manage the balance sheet. Should this need for a debt retirement rate change in future due to wider fiscal considerations, then the benefits of IFF also change.
16. The final decision whether any IFF proposal proceeds will ultimately be made by the Minister of Housing. The numbers in this report represent the current uninflated project costs and proposed IFF structure for TSP which will need to be signed off with officials.
17. Further background on the IFF funding mechanism is contained within a report brought to Council on 28 February 2022. At that meeting Council endorsed the proposal to consult with the public on the two IFF proposals discussed.
18. TCC has now consulted with the public on the IFF opportunity as part of the Long-Term Plan amendment (LTPA) and Annual Plan consultation process. This report discusses the outcome of this consultation and its implications.

## STRATEGIC / STATUTORY CONTEXT

### Public Consultation on TCC's TSP IFF Proposal

19. TCC undertook public consultation on the TSP IFF proposal as part of the LTPA.
20. Submitters were asked their preferred option for funding the Transport System Plan. Of the 1,181 submissions received on the LTPA, 596 responded on the TSP IFF proposal and 585 did not.

- (a) 481 (being 81%) who responded supported TCC applying for IFF funding for the Transport System Plan; and
  - (b) 115 (being 19%) who responded supported not proceeding with the IFF and maintain the status quo of using traditional methods, when possible.
21. Comments from respondents who support using the IFF had the following themes:
- (a) There is a need to improve the transport system as quickly as possible in order to improve the functioning of the city.
  - (b) There is a need to invest in the transport network in order to catch up on a perceived infrastructure deficit.
  - (c) Support for the TSP on the condition that the investment prioritises a multi-modal transport system.
22. Comments from respondents who did not support using the IFF had the following themes:
- (a) Further discussion with the community was needing to be held in future Annual Plans/Long-term Plans about the development of Tauranga's transport network.
  - (b) Concern at overall rising debt levels.
  - (c) Concerns regarding whether businesses can afford the extra costs.
  - (d) With the growing labour shortages and overall construction costs, questions were raised whether the city would be getting a good deal overall.

### **Response to Public Consultation TSP IFF proposal**

23. In regard to the responses in support of the status quo approach rather than the IFF proposal it is important to note that:
- (a) There has already been engagement with the public, including tangata whenua, on Tauranga transport requirements through the Smart Growth partnership. This engagement led to the creation of the TSP. The TSP projects which TCC is seeking to deliver were consulted on publicly through the 2021-2031 Long Term Plan. There will also be further engagement through each projects' business case stage. This will give the community the opportunity for further discussion and input into Tauranga's transport network.
  - (b) The TSP IFF will not increase TCC's debt level but will create an opportunity to reduce debt from TCC's balance sheet.
  - (c) The TSP IFF creates the ability to reduce the yearly rates burden to business and residential ratepayers through spreading the payment of the TSP over a longer period of time.
  - (d) TCC will make the final decision taking into account the overall costs for landowners (including consideration of the competitiveness of the finance rate) and the broader benefits of utilising IFF. Value for money will also be pursued through the business case stage, competitive procurement processes and tendering

### **FINANCIAL CONSIDERATIONS**

24. Securing other funding sources including the FAR subsidy from Waka Kotahi will be key for projects within the TSP program to proceed. Significant progress has been made on this recently with Tauriko West Waka Kotahi Funding secured, along with \$147m from the Infrastructure Acceleration Fund (IAF) to cover both transport and water infrastructure costs.
25. Table 1 below summarises the 10 TSP projects proposed to be partly funded through IFF together with assumed funding sources from Waka Kotahi and other Central Government agencies as well as TCC based on current project cost estimates.

**Table 1 – TSP Funding Snapshot**

Description	Crown		TCC			Total Cost (\$m)*
	Waka Kotahi (\$m)	Other Crown (\$m)	IFF - City (\$m)	IFF - Tauriko (\$m)	DC's / Rates (\$m)	
Cameron Road Multimodal Upgrade - Stage 1	0.3	45.0	6.1		9.8	61
Cameron Road Multimodal Upgrade - Stage 2	75.6	39.2	33.5		0.0	148
Tauriko West Enabling Work Package	78.6	37.0	10.0	48.3	4.4	178
Papamoa East Interchange	0.0	46.7	4.5		40.7	92
Cameron Road Corridor Connections (Cycling, PT and pedestrian)	6.9	4.8	1.8			14
Hewletts Sub Area (Totara, Hull, Maunganui)	62.1	0.0	59.7			122
Turret Road	27.9	0.0	26.8			55
Welcome Bay Rd Multimodal Upgrade	7.0	0.0	6.7			14
Primary Cycle Route Facilities (Accessible Streets programme - Area A Mount / Papamoa / CBD)	31.1	0.0	29.9			61
Primary Cycle Route Facilities (Accessible Streets programme - Area B Otumoetai / Bellevue / Brookfield)	27.4	0.0	26.3			54
<b>Total</b>	<b>317</b>	<b>173</b>	<b>205</b>	<b>48</b>	<b>55</b>	<b>798</b>

26. Of the \$798m of uninflated project costs from 10 TSP projects, approximately \$215m has been secured for these projects from a mix of funding sources including CIP, IAF, and Waka Kotahi.
27. This funding is associated with Cameron Rd stage 1&2, Tauriko West Enabling Works Package and Cameron Rd Corridor Connections. These four projects make up over half of the TSP total program and constitute 53% of these four projects funding requirements.

### Waka Kotahi FAR Subsidy

28. For the expected total Waka Kotahi funding request of \$317m for the TSP projects, Table 2 provides a summary of the different stages of funding for these projects.
29. Waka Kotahi allocates funds using the following funding priorities (see below table) to assess whether a project will be included in the National Land Transport Programme (NLTP), (in this case, the 2021-2024 NLTP). These priorities are developed using the Waka Kotahi investment prioritisation method.

Funding priority	Waka Kotahi funding priority for the project
Committed	Funding approved for the activity in a previous NLTP and carried forward to the 2021–24 NLTP.
Approved	Funding approved for the activity in the 2021–24 NLTP.
Probable	New activities that are expected to proceed during this NLTP period, subject to a successful business case and funding being available when the application is received.
Possible	High priority activities that have been included but are not expected to be funded during the 2021–24 NLTP period.

30. *Table 2 – Waka Kotahi Funding Status*

Description	Waka Kotahi Funding Status			
	Business Case (\$m)	Pre-Implementation (\$m)	Implementation (\$m)	Total (\$m)
Cameron Road Multimodal Upgrade - Stage 1*	0.3			0
Cameron Road multimodal upgrade - Stage 2	0.5	2.0	73.1	76
Tauriko West Enabling Work Package**	0.3	9.4	68.8	79
Papamoa East Interchange***				
Cameron Road Corridor Connections (Cycling, PT and pedestrian)****			6.9	7
Hewletts Sub Area (Totara, Hull, Maunganui)	0.5	2.0	59.6	62
Turret Road	0.4	0.7	26.8	28
Welcome Bay Rd Multimodal Upgrade			7.0	7
Primary Cycle Route Facilities (Accessible Streets programme - Area A Mount / Papamoa / CBD)	2.2	4.9	24.1	31
Primary Cycle Route Facilities (Accessible Streets programme - Area B Otumoetai / Bellevue / Brookfield)	1.3	2.9	23.2	27
Total	6	22	289	317

Approved	89
Probable	38
Yet to be submitted	190

\* Cameron Rd Stage 1 is largely funded via \$45m CIP shovel ready grant.

\*\* Tauriko West Enabling Works Package has allowed for additional funding for inflation

\*\*\* PEI to utilise Housing Infrastructure Fund (HIF) interest free loan.

\*\*\*\* Cameron Rd Corridor Connections being funded via low cost, low risk program

31. In total \$126m is registered as either approved or probable for approval within the 2021-2024 NLTP, with a further \$7m approved for low cost, low risk projects. The remaining funding from Waka Kotahi is yet to be formally submitted due its current stage in the business case process.
32. The Papamoa East Interchange is being assessed at the Waka Kotahi's May Board meeting. Their share of funding for this is proposed to be made available via an interest free loan from the Housing Infrastructure Fund which TCC has also submitted an application for funding.
33. Projects that are less advanced through their business case process include Hewletts Rd Sub Area (Totara, Hull, Maunganui), Turret Rd and Primary Cycle Route Area B (Otumoetai / Bellevue / Brookfield). \$2m has been approved for business case or pre-implementation work. \$29m is registered as probable for pre-implementation or implementation work within Waka Kotahi's system indicating current support from Waka Kotahi to progress these projects to their next stages, but subject to further assessment following completion of the business case phase, and subject also to the availability of NLTF funding at the time the funding application is received.
34. Projects that have not yet had a business case approved include Welcome Bay multimodal upgrade and Primary Cycle Route Area A (Mount/Papamoa/CBD). These projects are however rated as either 2 or 3 within WK's prioritisation system which indicates current support to progress these projects through the business case phase, with support through the next phase of the funding process contingent on business case outcomes and availability of NLTF funds.
35. TCC has sought to clarify with WK what the likelihood is on funding for projects within the TSP IFF that have not yet gained formal approval through WK's business case process. (Refer paragraphs 31 and 32).

### Financial Risks

36. Based on the current moderately high overall ranking of the TSP projects within WK's approval system, the risk related to WK FAR subsidy relates more to the timing of when



funding would be available rather than if funding would be available at all. However, the impact of the recently released Emissions Reduction Plan is yet to be assessed, and this may impact on funding likelihood. Similarly, changes in government policy or changes to the total funds available may impact on future funding approvals.

37. There are also risks of one or more of the ten proposed TSP IFF projects not proceeding either due to Waka Kotahi funding not being secured or a decision that the project is not required to proceed for some reason. To mitigate the risk of this occurring, and there being insufficient TSP projects to utilise the \$200 million IFF, it is recommended that four additional projects are included within the TSP IFF package. These are:
- (i) City Centre Transport Hub - \$48m
  - (ii) Tauranga Crossing Bus Facility Improvements - \$tbc
  - (iii) Barks Corner to Tauranga Crossing Multi-modal local road components - \$tbc
  - (iv) SH2 Revocation – Cameron Rd to Bethlehem - \$tbc
38. These four projects are all in early stages of the business case lifecycle with the City Centre Transport Hub the only project with an indicative estimate of \$48m (and that estimate will likely change as the form of the public transport facilities in the city centre is further progressed). Work is on-going to get greater clarity on cost of these projects if they will be prioritised for funding within the pool of fourteen IFF projects
39. Risk also relates to the alignment of funding mechanisms. The funding mechanisms and decision-making processes for Council and State Highway projects often require multiple funding sources including NLTF funding, developer contributions, Council rates (general and targeted), Crown funding (IAF/HIF etc) and more recently, IFF levies. All these different funding sources have separate and oftentimes unaligned, application and approvals processes. This creates a variety of challenges and uncertainties for Councils when assembling 'funding stacks' to support a project. This matter has been raised with senior government officials and Ministers. Despite all these financing and funding streams being under the control of government they are treated as separate and distinct processes with minimal connection and integration. This places TCC in the difficult position of needing to progress all in parallel in an effort to secure a complete 'funding stack' to deliver each project, yet not having certainty when some decisions are required to be made.
40. For Tauriko West Enabling Works Waka Kotahi and Council have to date worked together to remove some of the uncertainty that exists between aligning NLTF funding with IFF funding– Council supports more work being done to align broader Crown-based funding sources for the delivery of the TSP (including SH29 long term).
41. TCC and Waka Kotahi have engaged on the need for Council to have a level of certainty around WK funding, before Council is able to commit to a TSP levy. The requirements of the Land Transport Management Act and the phased funding approvals process that is used to allocate NLTF funding, and the uncertainties generated through that process, can make aligning NLTF funding with an IFF levy (which requires certainty of other funding sources at the time of its establishment), difficult. The legislative framework, and processes which Waka Kotahi operates within mean that a non-standard pathway is in some cases required to achieve this level of certainty. While work is underway to explore and progress these non-standard decision pathways for TSP, this has not yet concluded. Effort is being made for this to be complete in a timeframe to be presented to Council when the CIP market response is considered, which will enable Council to be informed prior to making a final decision on whether to proceed with the TSP IFF.
42. We note that two of the fourteen projects are going to be delivered by Waka Kotahi. These are the Hewletts Rd Sub Area (Totara, Hull, Maunganui) and the Tauriko West Enabling Works Package. This means that they will not be disclosed as capital projects within TCC's financial statements but as operational grants (an expense) payments to Waka Kotahi for \$59.7M (Hewletts Rd Sub Area (Totara, Hull, Maunganui)) and \$99.5M (Tauriko West

Enabling Works). Work on this structure is on-going to ensure we are still able receive funding streams such as IFF funding and / or future development contributions.

43. We note that Council will have one final point of decision in relation to the IFF funding. This will be after the:

- Competitive finance process is completed by Crown Infrastructure Partners and the final cost of the IFF solution to ratepayers is understood.
- Waka Kotahi funding commitment is further clarified.

Council's decision will be limited to an accept/ reject decision in relation to taking up the IFF.

44. While the final decision will be made by Commissioners, based on the facts available at the time, we considered that it may be useful for Crown Infrastructure Partners to have an understanding of our expectations as to the final cost of finance outcomes likely to be acceptable.
45. We have outlined our expectations in the confidential attachment to this report. This has been included as confidential so that it does not impact Crown Infrastructure Partners market tender process.
46. The reason that TCC might accept an IFF solution with an overall cost to ratepayers that is higher than the cost we currently borrow at via the LGFA (currently all TCC borrowing is through LGFA) relates to:
- IFF is fixed for 30 years (LGFA current maximum term is 15 years) and therefore provides greater certainty of cost over time and aligns more closely with the life of assets
  - There is additional value to TCC of having this debt off our balance sheet (does not restrict TCC's capital program)
  - Highlights to Central Government that TCC is endeavouring to use all possible funding sources (potentially more favourable view of other TCC funding applications)
  - Improves our positioning for these key projects when attempting to lock in Waka Kotahi funding.
47. There is potential for Council's debt levels and financial ratios to change significantly over the next few years if changes, such as water reforms come into effect. However, given the potential changes (particularly in the climate change, emissions, etc space), and the likely additional capital costs for future investment required (including infrastructure in the Western /Keenan corridor and community facilities in the eastern corridor), creating greater capacity on balance sheet avoids the need to increase debt retirement charges in future years. Alternatively, we may be able to reduce the level of debt retirement charges included in the current LTPA and stay within our debt covenants.
48. A material driver of the total cost of the IFF funding is the cost of the private finance which the IFF structure accesses. This will be significant factor within the financial consideration. Market conditions have changed recently from a historic low in the interest rates environment to one where interest rates are rising due to global tightening of monetary policy.
49. TCC is currently reviewing its long run cost of capital in order to be in a position to compare market rates on offer through the IFF mechanism compared to TCC's likely costs of capital through traditional TCC financing.

## OPTIONS ANALYSIS

50. There are two options before Council. Option one is to continue to pursue this IFF opportunity while option two is to remain with the status quo. Below are set out the advantages and disadvantages of each option.



51. In the February Report, Council considered the advantages, risks and current unknowns involved with this proposal. These have not materially changed and so have not been repeated in this report.

**Option one: Include TSP IFF in the Long-Term Plan. Continue to progress the TSP IFF proposal and revert to Council for approval to submit a levy proposal to HUD once the IFF finance process is complete and Waka Kotahi funding advice has been received. (Recommended)**

Advantages	Disadvantage
<ul style="list-style-type: none"> <li>• This option aligns with the overarching sentiment of public feedback while providing an opportunity to address the concerns raised by some submitters</li> <li>• IFF is the most viable finance solution available to TCC to reduce the targeted rates currently used to fund the TSP program</li> <li>• Development fair share is likely to be a condition of TCC being able to access IAF funding for some projects within the TSP program.</li> <li>• Continuing to pursue this opportunity adds resilience to the overall mix of funding sources for TCC</li> <li>• Continuing to pursue this opportunity does not compel TCC to submit its levy proposal to HUD or commit TCC to a finance option so flexibility of choice in time is not compromised</li> </ul>	<ul style="list-style-type: none"> <li>• There are no disadvantages to continuing to pursue this option as there are no material costs incurred through further preparation of the TSP IFF</li> </ul>

**Option two: Do not include TSP IFF in the LTPA and do not progress the TSP IFF proposal**

52. Don't continue with the TSP IFF and continue to recover costs for the LTPA through a targeted rate, other rating for debt repayment and some reliance on development contributions, as per the current status quo funding arrangements.
53. This is the opposite course of action to option one and so the advantages and disadvantages are reversed. Traditional funding and financing approaches will see debt remaining on Council's balance sheet and whilst this position may improve going forward uncertainties remain hence the creation of greater balance sheet capacity remains a key objective.

### LEGAL IMPLICATIONS / RISKS

54. TCC is receiving independent legal advice on the arrangements and legal documentation associated with the IFF transaction.

### SIGNIFICANCE

55. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals, and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal, or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
56. In making this assessment, consideration has been given to the likely impact, and likely consequences for:

- (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  - (b) any persons who are likely to be particularly affected by, or interested in, the .
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
57. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter is of high significance.

## ENGAGEMENT

58. Taking into consideration the above assessment, that the matter is of high significance, and that public consultation has occurred through the LTPA process, staff are of the opinion that no further engagement is required prior to Council making a decision.
59. As noted elsewhere in this report, consultation and engagement will occur as part transport projects as they progress through the business case process

## NEXT STEPS

60. If the recommendations of this report are adopted the next step would be to report back to Council on the outcome of the:
- CIP market process and the commercial terms which are available; and
  - Waka Kotahi funding decision processes.
61. In the interim TCC staff will work with Crown Infrastructure Partners to develop a robust IFF levy proposal. Should Council decide to proceed with the TSP IFF, the framework and levy model will be submitted to the Ministry of Housing and Urban Development (MHUD). If satisfied with TCC and CIP's proposal, MHUD will then recommend the proposal to the Minister for IFF who may approve or decline the proposal after consultation with various other ministries.
62. An indicative timeframe is set out below:
- (a) Indicative non-binding financing proposals received– Late May
  - (b) Short listed lenders notified – Late June
  - (c) Launch of binding financing proposal phase – Late June
  - (d) TCC adopts LTPA & Annual Plan – 27th June
  - (e) Binding financing proposals due from potential lenders – Mid July
  - (f) Consideration of outcome of financing market process. Decision by Council on whether to proceed with TSP IFF. If approved, delegation to TCC CEO to sign documentation – Late July
  - (g) Exclusive mandate awarded to preferred financier – Late July
  - (h) Prepare IFF & finance documentation – Late September
  - (i) Reconfirmation of credit approved terms – Late September
  - (j) Signing of IFF Funding and Administration Agreement (IFFFAAA) – Mid October
  - (k) Contractual close (execution of lending documentation & ancillary finance documentation) – Mid October
  - (l) Financial close – Mid November

## ATTACHMENTS

1. **Confidential Attachment - Transport System Plan - A13499378 - Public Excluded**

## 11.5 Tauriko West – Infrastructure Funding and Financing Proposal

**File Number:** A13429889

**Author:** Ben Corbett, Team Leader: Growth Funding

**Authoriser:** Christine Jones, General Manager: Strategy & Growth

### PURPOSE OF THE REPORT

1. The purpose of this report is to:
  - Update Council on the progress of TCC's draft Infrastructure Funding and Financing (IFF) Act proposal for Tauriko West since the February Council report.
  - Report to Council on the outcomes of the Long-term Plan Amendment and Annual Plan 2022/23 consultation as it relates to the Tauriko West IFF proposal.
  - Seek a Council decision on progressing Tauriko West IFF arrangements.
  - Signal to TCC's partners its intention to pursue the Tauriko West IFF proposal.

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### RECOMMENDATIONS

That the Council:

- (a) Approves the Long-Term Plan Amendment reflecting an IFF Levy as a means of financing and funding for the Tauriko West growth area infrastructure
- (b) Approves a levy proposal being prepared to introduce an Infrastructure Funding and Financing levy at Tauriko West.
- (c) Continues to engage in the finance process to identify a preferred financier and to confirm the cost of finance.
- (d) Continues to engage with relevant stakeholders, including landowners and developers in Tauriko West, to understand their views on the acceptability, or otherwise, of the proposed finance package; and
- (e) Receives a further report on completion of the finance process with a final levy proposal for Council's consideration including details of the proposed levy model, the cost to levy payers over the levy period, and outcome of the landowner/developer engagement.
- (f) Supports the drafting of a Levy Proposal and associated documentation in preparation for seeking Ministerial approvals should the IFF levy be fully endorsed.

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### EXECUTIVE SUMMARY

2. On 28 February 2022, Council resolved to consult through its Long-term Plan Amendment (LTPA) on whether to use an Infrastructure Funding and Financing (IFF) model to finance delivery of infrastructure at Tauriko West.
3. Submissions were received from a range of stakeholders. Broadly, residents of Tauranga and large developers at Tauriko West were in favour of pursuing the IFF model subject to resolving a number of uncertainties prior to entering into any IFF arrangement. Residents at Tauriko West were mixed in their support and held a wide range of views as to what they would like to do with their land over time. This report summarises the submissions received and responds to the main themes and questions raised by submitters.
4. Staff have put two options to Council, either to:
  - (a) Continue pursuing an IFF opportunity; or

- (b) Revert to TCC's traditional finance model and repaying debt using development contributions over time.
- 5. Staff have recommended Council continue to pursue the IFF opportunity as it provides the best option for maximising the range of funding sources open to TCC and preserves TCC's balance sheet capacity to provide flexibility for future investments. This option ensures IFF remains a realistic opportunity for TCC while also providing time to resolve outstanding uncertainties.
- 6. If resolved by Council, the Tauriko West IFF will be incorporated into the LTPA.
- 7. Crown Infrastructure Partners (CIP) will then undertake a finance tender process to understand the cost of finance and refine the levy model. TCC staff will revert to Council with the draft levy proposal in the final quarter of the year for approval to submit a levy proposal to central government for approval.

## BACKGROUND

- 8. TCC is facing constrained borrowing capacity as it looks to deliver on its Long-term Plan 2021/31 (LTP) and Long-term Plan Amendment (LTPA). To relieve this constraint TCC is investigating utilising the Infrastructure Funding and Financing Act 2020 (IFF) to raise funds that do not increase its net borrowing position.
- 9. Through the IFF, a Crown owned company borrows money from the private sector and makes the proceeds available to TCC to fund certain infrastructure projects. The borrowings are then repaid by the Crown owned company by levying properties in Tauriko West annually. This means that nearly all properties in Tauriko West would pay an annual statutory charge for a period of around 30 years to fund infrastructure projects in that area. This approach of private sector lending avoids TCC needing to borrow money to fund the projects itself.
- 10. TCC is proposing to use an IFF model to fund:
  - (a) \$200m of costs towards as subset of 14 projects within the approved Transport Systems Plan. This would partially replace the targeted rate previously proposed in the LTP with a citywide IFF levy (this proposal is covered in a separate report to Council); and
  - (b) \$60m of the costs of delivering infrastructure at Tauriko West. This would be repaid by a levy on properties within the Tauriko West urban growth area.
- 11. The infrastructure projects proposed to be funded through this IFF levy are set out at **Attachment A**.
- 12. For TCC, the key advantage of using an IFF model is that it enables this infrastructure to be financed and funded without increasing TCC's debt levels. TCC can then use its financial capacity to borrow to deliver other projects in the LTPA, and future projects which will be included in subsequent LTP's. TCC has not assumed the use of either IFF proposal in its current 2021 - 2031 LTP.
- 13. TCC's LTP includes debt retirement of \$550m funded by a levy. This was introduced to manage TCC's debt capacity and ensure TCC remains within its borrowing covenants. By introducing IFF levies, TCC can replace some of the debt retirement levies with the IFF. This enables the debt to be repaid over a longer period. By doing so, the cost of debt may be higher, but repayment is spread over a longer period of time and among those residents who benefit from the infrastructure funded by debt.
- 14. Without this IFF arrangement, TCC would have to recover costs for Tauriko West infrastructure through development contributions.
- 15. The final decision whether any IFF proposal proceeds will ultimately be made by the Minister responsible for the Infrastructure Funding and Financing Act (the Minister for Housing and Urban Development) (considering advice from a number of government departments). The

numbers in this report represent the current proposed IFF structure for Tauriko West and are subject to approval by the Minister.

16. Further background on the IFF funding mechanism is contained within a report brought to Council on 28 February 2022 (the February Report). At that meeting Council endorsed the proposal to consult with the public on the two IFF proposals discussed.
17. TCC has now consulted with the public on the IFF opportunity as part of the LTPA and Annual Plan 2022/23 consultation process. This report discusses the outcome of this consultation and its implications.

## CONSULTATION OUTCOMES

### Public Consultation on TCC's Tauriko West IFF Proposal

18. TCC consulted on a LTPA regarding the Tauriko West IFF. Three key stakeholder groups were identified being the:
  - (a) residents of Tauranga;
  - (b) residents and property owners who live in the area of the proposed development at Tauriko West; and
  - (c) large landowners at Tauriko West.
19. We note, significant engagement has been previously undertaken and remains on-going with tangata whenua regarding the development of Tauriko West.

### Consultation with the Residents of Tauranga

20. In the LTPA consultation document, submitters were asked their preferred option for funding infrastructure to enable housing at Tauriko West. Of the 1,181 submissions received on the LTPA, 600 responded to this question. Of these:
  - (a) 501 (84%) supported TCC applying for IFF funding to contribute to Tauriko West infrastructure costs; and
  - (b) 99 (16%) supported not proceeding with the IFF and funding Tauriko West using traditional methods, when possible.
21. Comments from respondents who support using the IFF had the following themes:
  - (a) Community support a 'user pays' or 'growth pays for growth' principle with a strong desire to see developers paying their fair share of infrastructure costs.
  - (b) Housing supply is an urgent and current issue locally and nationally.
  - (c) Status quo isn't working and thus the country needs this innovative thinking to enable us to plan and deliver infrastructure for the present and future.
  - (d) Ensure the use of the levy results in lower house prices to account for a reduction in development contributions and the imposition of an IFF levy.
22. Comments from respondents who did not support using the IFF had the following themes:
  - (a) Disagreement with prioritising new land supply in Tauranga over supporting existing residents.
  - (b) Preference for intensification of current urban areas over developing more rural land.
  - (c) Negative sentiment regarding the possibility of increased traffic congestion as the result of development in Tauriko West due to the distance between Tauriko West and Tauranga city centre.
  - (d) The cost of the levy is too high for residents to afford

23. All comments received relating to the Tauriko West IFF proposal have been collated and can be viewed on TCC's website at <https://www.tauranga.govt.nz/council/council-documents/long-term-plans/long-term-plan-2021-31-amendment/long-term-plan-amendment-consultation-responses>.
24. TCC agrees with the sentiments shared by the community at paragraph 21. TCC is working with CIP and developers to plan how an IFF may be best implemented at Tauriko West and how this might impact house prices. TCC, the community and the government have a shared priority to see cost savings being passed on to the homeowner.
25. TCC acknowledges the concerns of the community shared at paragraph 18. Points regarding the location of development and its impact on amenity in the city will be investigated and addressed through the City Plan change process.
26. The price point of the levy is subject to ongoing analysis as discussed below.

### **Consultation with Residents of Tauriko West**

27. TCC undertook more intensive consultation with a number of smaller landowners at Tauriko West who are not commercial developers (e.g. lifestyle block owners). This was to recognise that the development and funding of Tauriko West is highly relevant to them and their land going forward.
28. TCC invited all landowners living in or close to the proposed development at Tauriko West to a workshop to explain how IFF could work at Tauriko West. Six landowners of the approximately 30 invited, chose to attend. Of these, about half are likely to be highly impacted by the first stage of development at Tauriko West to which a levy would apply (with the others sitting outside the likely boundaries of the first stage of development).
29. At the workshops TCC set out two possible options of how the IFF levy could apply to these existing properties:
  - (a) Option A: The levy is charged to existing landowners but remitted entirely. These landowners have the chance to develop their land for residential purposes and a levy would become payable on each additional dwelling added to their property at the time of development. The existing landowners would not pay a levy on their current house even after developing the remainder of their land; or
  - (b) Option B: The existing landowners are not levied and do not have the opportunity to develop their land as part of the first stage of development.
30. Much of the discussion at these workshops was focussed on the nature of the development itself and how it would impact the access, services and amenity of those living in this area and the value of their land and any consequential ratings impact. These issues are outside the scope of this report but will be addressed by staff through the planning and development process.
31. With the caveat that all of the respondents at the workshops generally prefer the area not to be developed, participants' views were mixed:
  - (a) some resident's preference is to remain rurally zoned and have no intention to develop their land;
  - (b) some are broadly supportive of having the option to develop although each differed in the time horizon for development. These landowners were broadly supportive of Option A or a variation thereof in that it enabled flexibility of choice for these landowners and enabled them to access some of the potential financial benefits of developing their land;
  - (c) some landowners have yet to express an opinion or have been clear that they are still considering their options; and

- (d) some landowners shared their concern at the risk to them of being 'forgotten' by TCC and did not want their interests to be subsumed by those of the larger developers.
- 32. One participant has asked for Option A to be extended so that a levy would not be charged on any house developed at that submitter's property.
- 33. Participants were keen to understand the detail of Option A. Staff will continue to flesh out this option with these landowners to understand whether it is a viable option supported by the relevant landowners or whether it is more appropriate for these landowners to be excluded from the IFF levy entirely (Option B).
- 34. TCC and the relevant landowners have agreed to coordinate regular informal meetings to continue engaging as any development progresses and to be kept informed of landowners preferred development objectives.

**Large Landowner Feedback**

- 35. There are three large landowners at Tauriko West who are looking to develop their land to support housing and associated services (like community facilities, parks and roads). These are Kainga Ora, the Classic Builders group and the Element IMF group.
- 36. Kainga Ora chose not to submit through the LTPA consultation process.
- 37. Classic Builders and Element IMF each submitted on the LTPA. Both submissions expressed broadly positive support for using IFF to finance infrastructure costs but raised a number of concerns or questions regarding the model, as set out below.

*Lack of Transparency as to the Nature of the Levy*

- 38. These two submitters have asked TCC not to approve moving forward with this IFF proposal until TCC and developers have greater visibility over:
  - (a) Specifics of the IFF lending terms (for example the interest rate, the levy amount at the start of the levy period and how much it will increase each year); and
  - (b) Quantified decrease in development contributions if the IFF proposal is used.
- 39. TCC agrees it is not possible to fully commit to the IFF proposal until the specifics of the IFF lending terms are known. To provide greater clarity to developers, TCC and CIP have modelled a wide range of scenarios to help illustrate the likely range of the levy. TCC has to continue with the finance process and preparing the levy proposal in order to accurately answer these questions. The recommendations to Council made in this report are to pursue the finance process and drafting the levy proposal to assist further engagement with these parties and to enable Council to make an informed decision.
- 40. TCC has addressed the likely reduction in local development contributions with developers directly. While it is difficult to assess the exact amount at this stage, it is likely to be a reduction of between \$35,000 to \$40,000.
- 41. If Council adopts the recommendations proposed in this report, there will be a subsequent further report to Council for a decision on whether to approve submission of the levy proposal to the Ministry of Housing and Urban Development (HUD). At that time, staff anticipate TCC's Tauriko West IFF proposal will be significantly further progressed giving greater visibility over the likely finance costs associated with this proposal. Once the finance process is complete, Council will make the final decision taking into account the finance costs and benefits of utilising IFF. Developers and residents of Tauriko West will be given an opportunity to provide feedback to Council on the structure of the levy model (including the amount of funding IFF provides, the starting level of the levy, the period over which it is paid and how much it increases in each year) prior to Council's decision.
- 42. TCC will include an analysis of the affordability of the levy from the perspective of the future homeowners at Tauriko West as part of its levy proposal. This work is currently in progress. Early indications are that the levy is likely to be approximately the same price to homeowners as if TCC had utilised development contributions to fund the cost of infrastructure (assuming



the collection of development contributions results in a higher sale price for each property). This is discussed further at paragraph 47.

*Limit / Cap the Value of the Levy Payable Per Dwelling*

43. Submitters have asked Council to investigate the lowest possible levy per household with one submission suggesting Council should not proceed with the IFF proposal if the levy is materially above \$1,000 per year.
44. The starting point of any levy is currently uncertain and will be subject to the terms offered by financiers and the funding provided from other sources.
45. Council is working with developers and CIP to determine a levy design which ensures the levy is affordable while supporting an efficient amount of IFF funding. Discussions on this matter are ongoing. At this stage, it seems unlikely a levy of \$1,000 per dwelling in year one would support sufficient IFF funding to make a worthwhile contribute to the cost of the required infrastructure. TCC, CIP and developers are committed to working together to build a workable levy design that addresses each party's objectives.
46. Staff have explored the option of packaging up the Tauriko West debt with the Transport System Plan IFF debt and tendering both proposals to financiers as one larger package. Council has been advised this is not a viable path forward as financiers are likely to price the debt for each proposal differently due to their differing risk profiles. Consequently, packaging the two together is unlikely to be appealing to financiers.
47. TCC have undertaken a basic affordability analysis model which highlights that an annual levy is theoretically more affordable when compared to a traditional development contributions (DC) style charge assuming the DC amount would lift the asking price of the house by increasing costs incurred by developers. We recognise that house prices are set by a range of factors and that all developer cost savings may not be passed on to customers. However TCC expects the developer will be able to offer a house at a lower sale price if an IFF levy is used given the developer has paid a materially smaller development contribution. TCC has engaged an external consultant to provide further advice on this matter and will include this analysis in the future report on the levy proposal for Council decision.

*Commercial Risk and Realities for Lenders*

48. One submitter has raised two points regarding the risk associated with this model:
  - (a) Using IFF is relatively untested and so Council, and developers have little concrete evidence as to how the housing market will react to a levy; and
  - (b) Levy may have a negative impact on buyers' capacity to borrow to purchase homes at Tauriko West.
49. TCC acknowledges that the model is new and has only been tested once in Auckland (a practically similar financing solution which was implemented through contractual arrangements rather than under the IFF legislation). This does come with risk, some of which sits with the developer. While this is model new, TCC's financial position demands new approaches be investigated. Developers are investigating novel funding solutions also and each will come with its own level of risk. It is appropriate that developers share in this risk given they are also exposed to the rewards of development. Government has recognised the risk associated with this project and has progressed a significant Infrastructure Accelerator Fund (IAF) support package for Tauriko West in the form of substantial grant funding. That funding de-risks the project for all stakeholders, including developers.
50. TCC has investigated multiple funding sources to support this development. Other than the significant IAF funding package currently under negotiation, TCC is also utilising DCs, significant Waka Kotahi NZTA subsidies towards the cost of transport projects and progressing this IFF proposal. These funding sources are either likely to eventuate or certain. TCC has also investigated whether an interest free loan might be made available by



the government. This has not been supported by government at least in part because IFF is available for this purpose.

51. The table below summarises the proposed funding stack for the Tauriko West development. Each funding source has been categorised by likelihood of success. This illustrates both the range of funding sources TCC has investigated, and the high level of government support proposed for this development.

**Table 1: Certainty of Funding Sources**

Funding source	\$M	Likelihood
Development contributions	13	<b>Certain</b> – TCC is empowered to collect development contributions
Waka Kotahi NZTA subsidy	86	<b>Certain</b> – the Waka Kotahi board has committed to funding a share of the transport infrastructure
Infrastructure Accelerator Fund	75	<b>Highly likely</b> – TCC is in the closing stages of negotiating IAF funding
IFF – Transport System Plan	11	<b>Likely</b> – subject to the matters set out in the report to Council on 24 May 2022
IFF – Tauriko West	60	<b>Likely</b> – subject to the matters set out in this report
<b>Total</b>	<b>245</b>	

52. Currently, the total cost estimate for Tauriko West is \$245m (albeit in an environment of significant cost rises). Further refinements to the funding sources above will continue over time to ensure the appropriate level of funding is provided.
53. The comparative model used at Milldale in Auckland started at \$1,000 per household and escalates by 2.5% annually. We understand the developer has seen no material impact on sales in the levy area as compared to similar areas to date. Furthermore, early discussions with a large residential bank lender suggest the levy will not have a material impact on buyers borrowing capacity. It is likely to be treated as an annual expense similar to rates or body corporate fees.

#### *Number of Households Expected to Contribute*

54. In time, Tauriko West may accommodate up to 4,000 dwellings. At this point in time, only the first stage of development (2,000 dwellings) is considered sufficiently certain to plan funding sources. The second stage of the development will progress subject to a number of hurdles including provision of the long-term State Highway 29 solution. The second stage of development is not expected to come online in the next 10 years at a minimum – it may be substantially longer before development is possible. This high degree of uncertainty makes it very difficult to allocate costs to the second stage of the development.
55. If costs were to be allocated to the latter 2,000 dwellings, the following considerations arise:
- (a) Water infrastructure: water infrastructure delivered for the first stage of housing will be delivered to support both stage one and two of Tauriko West. The costs relating to the first stage will be borne by the first 2,000 houses through the IFF levy (or another financing mechanism). The costs relating to the second stage are anticipated to be met entirely by an IAF grant fund. In this way, the residents of the first 2,000 houses will not subsidise the costs associated with the second 2,000 homes.
  - (b) Transport infrastructure: the transport infrastructure to enable the first stage of Tauriko West has been designed to support 2,000 houses only. To develop the second stage, further upgrades will be required to the state highway and local road networks. While the second stage homeowners will not contribute to these enabling transport works, the first stage residents are not expected to contribute to the costs of these further upgrades. The first 2,000 houses are also not funding the full cost of enabling

transport networks. Along with significant funding from Waka Kotahi NZTA and IAF, a portion of the cost of these works is proposed to be met by the citywide TSP IFF levy. This will be paid by houses in the both stages of Tauriko West. This is more appropriate for the second stage given the additional works required above to unlock the latter development.

56. Considering the above considerations, and the inherent uncertainty surrounding the second stage of development, staff recommend allocating the net transport costs and waters costs (after the deduction of funding from Waka Kotahi NZTA, IAF, development contributions and the TSP IFF) relating to stage one of development to the first 2,000 houses.

#### *Central Government Funding*

57. One submitter encouraged TCC to continue working with central government to secure greater financial support for Tauriko West infrastructure.
58. TCC has been working, and will continue to work, with central government to advance all available funding sources for Tauriko West. Staff note:
- (a) Central government is likely to fund approximately two thirds of the total costs of the enabling infrastructure at Tauriko West through the Waka Kotahi NZTA transport subsidy and IAF funding; and
  - (b) Central government has been explicit that it will not provide any further funding for this project, and it is for developers to contribute the remaining financial component. TCC, government and the residents of Tauranga have communicated a strong desire for developers and those benefiting from the infrastructure to pay their fair share of costs. Development fair share is a condition of the IAF funding.
59. Throughout the development of the Tauriko West levy model TCC has been open to investigating and receiving alternative funding and financing opportunities from developers. None have been forthcoming to date. Staff are aware that developers are continuing to explore options and Council has advised that we would be willing to consider those if they are presented prior to a final decision on IFF being made.

### **STRATEGIC / STATUTORY CONTEXT**

60. The Infrastructure Funding and Financing Act 2020 (the Act) has established a new funding and financing model to enable private capital to support the provision of new infrastructure for housing and urban development. HUD is responsible for administering the Act. In addition, HUD has been appointed to the roles of “recommender” and “monitor” established by the Act. The Act provides opportunities for local councils and developers to partner and deliver infrastructure, free of the council’s debt limits in a way that does not result in charging high upfront costs to developers.

### **FINANCIAL CONSIDERATIONS**

61. For context, this report comes to Council alongside a number of other reports regarding TCC’s LTPA and Annual Plan including a report relating to TCC’s second IFF proposal relating to the Transport System Plan.
62. Staff have included the financial consequences of the Tauriko West IFF (and the Transport System Plan IFF) in TCC’s LTPA and Annual Plan financial forecasts. The LTPA has been prepared on the basis that TCC’s preferred option is to progress both IFFs. As such, the proposed financial forecasts incorporate these two projects going ahead and being partially funded using an IFF structure. Currently, the only other funding option under investigation is to use debt on TCC’s balance sheet and funding debt repayment through collection of development contributions from developers at Tauriko West.
63. TCC’s alternative to using IFF is to borrow from its traditional financier (the Local Government Funding Agency or LGFA) and to repay the debt by collecting development contributions as resource consents and building consents are issued at Tauriko West. Using this method requires TCC to hold and service debt on its balance sheet until development

has been completed at Tauriko West. Due to TCC's constrained balance sheet, this option was given limited consideration during the course of 2021 as this debt would have been likely to result in TCC breaching its financial covenants.

64. However, during the course of 2022 TCC has secured a series of alternative funding sources and realistically expects further alternatives to arise in time. As such, TCC's overall financial position has improved to the point where it is likely TCC could use development contributions to fund development at Tauriko West without breaching its financial covenants.
65. Using IFF to finance development at Tauriko West remains TCC's preferred option. This is because TCC values retaining balance sheet capacity at prudent levels to enable it to fund possible significant expenditure to mitigate for the effects of climate change, tackle carbon emissions and other projects which benefit the city as a whole.
66. Further, even with both the Tauriko West and Transport System Plan IFFs, TCC has retained a level of debt retirement levies in its LTPA. By using IFF in combination with possible future grants and water reform it makes it more likely TCC will be able to further reduce or remove these levies entirely.
67. The table below illustrates the two different methodologies. The first option – using IFF – matches that set out at Table 1 above. The second option shows the impact of funding development using development contributions in place of IFF.

**Table 2: Indicative funding options**

<b>Funding source</b>	<b>IFF model (\$M)</b>	<b>DC model (\$M)</b>
Development contributions	13	73
Waka Kotahi subsidy	86	86
Infrastructure Accelerator Fund	75	75
IFF – Transport System Plan	11	11
IFF – Tauriko West	60	0
<b>Total</b>	<b>245</b>	<b>245</b>

68. There are a number of considerations relevant to TCC funding choices:
  - (a) Further work is required to understand the financial viability of utilising development contributions and any broader contextual impact. By utilising greater development contributions funding TCC is using up debt capacity on its balance sheet. This requires:
    - sufficient balance sheet capacity; and
    - willingness to utilise debt capacity to prioritise benefit to Tauriko West relative to investment of other parts of the city.
  - (b) Council is aware the upcoming 2024 – 2034 LTP will include investment which is currently not reflected in the 2021 – 2031 LTP. Financial capacity will be required to enable these investments to proceed. This includes:
    - Better cost estimates for key TSP projects once the business case process has been substantially progressed, (currently early estimates prior to the preferred option being identified have been included)
    - Infrastructure to enable the urban development of the Keenan Road / Western Corridor area.
    - Community facilities in the eastern corridor. Land acquisition is included in the current LTP for library and aquatic facilities. Facility construction needs to be considered as part of the next LTP.

- Council is currently completing a Strategy Refresh and Action Plan project. This will identify desired outcomes and programmes of work to achieve these outcomes. Investment will be required to give effect to these programmes of work
- (c) In order to secure IAF funding, it is essential that developer pay their 'fair share' of the costs of development and housing is seen to be delivered as quickly as reasonably possible. TCC understands some form of developer funding will be a pre-condition of TCC securing IAF for this development. We understand the government is willing to explore the use of DCs in place of IFF but one or the other is certain to be necessary (subject to an alternative form of developer funding being identified).
- (d) While this proposal is at an earlier stage of development than the Transport System Plan IFF, it is worth noting that the funds received through IFF may have higher underlying costs than what TCC can access through its usual financiers. TCC will clarify the levy of IFF funding available through the levy design.
- (e) TCC is currently reviewing its long run cost of capital in order to be in a position to compare the cost of financing which underpins the IFF funding to TCC's likely costs of capital through traditional TCC financing (from the LGFA). Staff note both the IFF financier and the LGFA will be subject to the same base rate movements over time. The margin charged by each financier and the associated costs of each finance option will be interrogated as part of the choice of whether or not to proceed with IFF.
- (f) There is a greater undercollection risk with development contributions, with the shortfall landing with the ratepayer. This is because development contributions by nature require assumptions on interest rates and timing of development. In comparison under the IFF arrangement the IFF funding is known, developers are incentivised to develop quickly and the timing risk is removed.
- (g) TCC anticipates the costs incurred in establishing an IFF are likely to be significant. These costs will be recouped over time from levypayers through collection of the levy. TCC anticipates significant costs because this is a complex arrangement that has not previously operated in New Zealand. Consequently, TCC and CIP require significant technical expertise which neither organisation holds 'in-house'.

## OPTIONS ANALYSIS

69. There are two options before Council. Option one is to continue to pursue this IFF opportunity while option two is to not pursue further. Below are set out the advantages and disadvantages of each option.
70. In the February Report, Council considered the advantages, risks and current unknowns involved with this proposal. These have not materially changed and so have not been repeated in this report.
71. **Option One: Include Tauriko West IFF in the Long-Term Plan. Continue to progress an IFF proposal for Tauriko West and revert to Council once the finance process is complete for a decision to whether to approve submission of a levy proposal to the Ministry of Housing and Urban Development (recommended)**

Advantages	Disadvantage
<ul style="list-style-type: none"> <li>This option aligns with the overarching sentiment of public feedback while providing an opportunity to address the concerns raised by some submitters</li> <li>IFF is the most likely finance solution available to TCC to raise sufficient capital to fund the developer share of infrastructure costs</li> </ul>	<ul style="list-style-type: none"> <li>There are no disadvantages to continuing to pursue this option.</li> </ul>

<ul style="list-style-type: none"> <li>• Using IFF (subject to another form of developer funding becoming available) is likely to be a condition of TCC being able to access IAF funding</li> <li>• Continues to demonstrate to all parties that Council is pursuing all available funding sources</li> <li>• Continuing to pursue this opportunity does not compel TCC to submit its levy proposal to HUD or commit TCC to a finance option</li> <li>• This option would allow further engagement with landowners in Tauriko West to continue to address remaining concerns and provide time for the larger landowners to suggest alternative funding approaches.</li> <li>• IFF financing may be fixed for a longer period than traditional TCC finance options which provides certainty of cost for levypayers (but possibly at a higher cost than shorter term debt may achieve). Both options will be subject to movements in base rates.</li> <li>• There is value to TCC in having the debt off its balance sheet and thereby creating capacity for alternative uses</li> <li>• Investigating IFF signals to central government that TCC is endeavouring to use all available funding sources which may cast TCC's other funding applications in a positive light</li> </ul>	
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**72. Option Two: Do not include Tauriko West IFF in the LTP and do not progress the Tauriko West IFF proposal. Investigate funding Tauriko West development using development contributions**

If Council chooses to pursue development at Tauriko West without IFF, development contributions will be required to supplement the other funding sources (as detailed above).

Advantages	Disadvantage
<ul style="list-style-type: none"> <li>• This option aligns with the overarching sentiment of public feedback while providing an opportunity to address the concerns raised by some submitters</li> <li>• Development contributions are a viable method of funding the developer share of infrastructure costs</li> <li>• Using development contributions is likely to satisfy relevant IAF funding criteria</li> <li>• Continues to demonstrate to all parties that Council is pursuing all available</li> </ul>	<ul style="list-style-type: none"> <li>• Not pursuing IFF may undermine TCC's alternative funding sources (in particular, IAF)</li> <li>• Not pursuing IFF will require leveraging TCC's balance sheet thereby constraining use of debt for other priorities</li> <li>• IFF financing may be fixed for a longer period than traditional TCC finance options which provides certainty of cost for levypayers (but possibly at a higher cost than shorter term debt may achieve).</li> </ul>

<p>funding sources</p> <ul style="list-style-type: none"> <li>Continuing to pursue this opportunity does not compel TCC to implement a development contributions model</li> <li>This option would allow further engagement with landowners in Tauriko West to continue to address remaining concerns and provide time for the larger landowners to suggest alternative funding approaches and is likely to be more acceptable to developers.</li> </ul>	<p>Both options will be subject to movements in base rates.</p> <ul style="list-style-type: none"> <li>Greater risk of undercollection with the shortfall landing with ratepayers.</li> </ul>
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### Staff Recommendations to Council

73. Staff recommend that Council continue to progress the Tauriko West IFF. This will demonstrate to TCC's stakeholders and partners:
- TCC's support and intention to pursue this IFF proposal;
  - TCC's openness to exploring alternative methods of funding in place of IFF, should any become available;
  - the importance of a competitive finance package for this proposal to proceed; and
  - that TCC will make a final decision as to whether or not to submit a levy proposal once the final cost of the IFF proposal and the structure of the levy (including the amount of funding IFF provides, the starting level of the levy, the period over which it is paid and how much it increases in each year) is known.
74. If these recommendations are adopted, Council will maintain momentum in its Tauriko West IFF preparations while also retaining flexibility to assess the competitiveness and appropriateness of the final proposal before submitting to HUD.

### LEGAL IMPLICATIONS / RISKS

75. There are risks inherent to both options.
76. The risks identified for option one, were set out in the February Report. The key considerations relevant to the choice between option one and two are:
- The assumptions made to date around the cost and terms of finance and the structure of the levy model may not hold true. This may result in a levy which is not acceptable to TCC or its stakeholders.
  - The landowners at Tauriko West may not be able to come to an agreement as to their preferred funding methodology.
  - Central government feedback on the IFF may require substantial revisions (outside the parameters consulted on) which are not acceptable to TCC or its stakeholders.
77. Additionally, there is a risk that the levy model is agreed by TCC and developers and approved by central government but is not supported by prospective house buyers. This may be because buyers consider the terms of the levy to be unappealing (for example the price or term of the levy). Therefore, development at Tauriko West may be slower than anticipated or possibly stagnant altogether as developers pursue alternative opportunities. This would result in a high level of investment in infrastructure which does not lead to greater housing delivery.
78. TCC is acting to mitigate these risks by:

- (a) Maintaining regular, collaborative conversations with its developer and central government partners
  - (b) Structuring planning to ensure regular oversight by Council to test the content of the levy proposal as it develops and provide for final Council-approval once the specifics of the levy proposal are known.
79. Option two also comes with risks:
- (a) TCC's projected balance sheet capacity may not materialise (due to changes in funding priorities at central government and/or TCC not securing anticipated funding). A lack of capacity would result in TCC re-examining the IFF opportunity (i.e. option one).
  - (b) TCC may use up balance sheet capacity by choosing to fund Tauriko West using development contributions thereby restricting its ability to raise debt to meet other objectives like responding to climate change or enabling development in more challenging areas of the city (for example brownfield development with highly fragmented land ownership). (Refer also paragraph 68(b) above).
  - (c) Using development contributions may result in a reduction in central government support through existing and future government funds.
80. Pursuing option two without a strongly viable alternative funding source is likely to jeopardise TCC's IAF grant funding. This is likely to undermine the surety of the wider Tauriko West funding package thereby jeopardising the feasibility of the development as a whole.

## CONSULTATION / ENGAGEMENT

81. TCC has undertaken significant consultation with affected communities, as described above.
82. TCC will continue to engage with the residents and landowners at Tauriko West.
83. Further, community consultation will continue regarding development at Tauriko West through the plan change and zoning process which will provide opportunities for the public to submit on Tauriko West development more generally.

## SIGNIFICANCE

84. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
85. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
- (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  - (b) any persons who are likely to be particularly affected by, or interested in, the matter.
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
86. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter is of high significance.
87. TCC has undertaken a special consultation process as part of consultation on its LTPA. This has been supplemented with further ongoing, targeted consultation with directly affected landowners. No further consultation is considered to be required.

## NEXT STEPS

88. Staff will bring a report to Council upon completion of the competitive finance process once a preferred financier has been identified. This report will detail the material terms of the levy



including the amount of the levy, the term of levy payment and the amount the levy will increase each year as well as the views of the directly affected parties in Tauriko West following further consultation and engagement. It is expected staff will report on these matters in early 2023. At that time, Council will make the substantive decision as to whether to proceed with the Tauriko West IFF proposal.

89. The final decision whether any IFF proposal proceeds will ultimately be made by the Minister responsible for the Infrastructure Funding and Financing Act. TCC is working with CIP, to develop a robust IFF levy proposal for consideration by Council. This will be submitted to HUD. If satisfied with TCC's proposal, HUD will then recommend the proposal to the responsible Minister who may approve or decline the levy proposal after consultation with other Ministers including the Minister of Finance.

## ATTACHMENTS

1. **Tauriko West infrastructure programme - A13493898** [↓](#)



**Attachment A: Tauriko West infrastructure**

<b>Tauriko West projects</b>	<b>Project budget at 95 percentile (\$M)</b>	<b>Estimated TW IFF Funding (\$M)</b>
<b>Transport Projects</b>		
Northern Connection	45	17
Northern Connection Carpark	7	3
Cambridge Rd	53	20
Whiore Ave	4	1
Southern Connection (Part 1)	8	4
Southern Connection (Part 2)	5	2
Southern Connection (Part 3)	57	4
<b>Sub Total</b>	<b>195</b>	<b>51</b>
<b>Water Supply Projects</b>		
Water Main - Northern	5	0.2
Water Main – Southern	18	0.8
<b>Sub Total</b>	<b>23</b>	<b>1</b>
<b>Wastewater Projects</b>		
Whiore Ave	4	2
Interim / Stage 1A – Southern	21	2
<b>Sub Total</b>	<b>26</b>	<b>4</b>
<b>Grand Total</b>	<b>227</b>	<b>56</b>

The figures above show our current rounded cost estimates for each programme excluding any adjustment for inflation. Inflation is projected to take total costs to \$245m and the IFF share to \$60m.

## 11.6 Tsunami Sirens

**File Number:** A13362864

**Author:** Paula Naude, **Manager: Emergency Management**

**Authoriser:** Steve Pearce, **Acting General Manager: Regulatory and Compliance**

### PURPOSE OF THE REPORT

1. This report presents the results of consultation on preferred options for tsunami preparedness. It recommends that Tauranga City Council (TCC) continues to invest in education, awareness and supporting community networks including targeted focus on more isolated or vulnerable members of the community.

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### RECOMMENDATIONS

That the Council:

- (a) Continues investing in tsunami education, awareness and supporting community networks including targeted focus on more isolated or vulnerable members of the community.
- (b) Does not install a tsunami siren network.

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### EXECUTIVE SUMMARY

2. The matter of public alerting was consulted on through the 2018 – 2028 Long Term Plan (LTP) and re-visited through the LTP Amendment & Annual Plan 2022/23 consultation.
3. It is recommended that the Council continues to invest in education, awareness and supporting community networks to ensure more isolated or vulnerable members of the community are supported (option 1). This recommendation is supported by submissions made in favour of option 1.
4. A total of 626 submissions provided a response to question five regarding which option was their preference for Tsunami preparedness. Of these, 78% were in favour of Option 1 being the Council continuing investing in education, awareness and supporting community networks to ensure more isolated or vulnerable members of the community are supported. In contrast, 22% were in favour the implementation of a Tsunami siren project.

### BACKGROUND

5. The matter of public alerting system was consulted on through the 2018-2028 LTP. Submissions were received which sought:
  - The installation of tsunami sirens in coastal areas
  - Additional evacuation routes in Pāpāmoa
6. Council approved the initiation (stages one & two) of a project to install voice-over sirens along the Mount Maunganui/ Pāpāmoa coastline in 2019. Stage three is subject to consideration as part of the 2021-2031 LTP.
7. In June 2021 the Commissioners deferred the tsunami siren project to allow the Commissioners and Council staff to engage with the community on all issues and resolutions around tsunami sirens and evacuation, and to continue to educate and raise public awareness on tsunami readiness.
8. A Tsunami Awareness project commenced in 2021 which educated the community on their own role in preparing for, responding to, and surviving a tsunami. The aim of the Tsunami Awareness Project was to work with the community to minimise the risk to life from tsunami

through education, planning and a high level of awareness. This project reached 548,523 people.

9. Currently Tauranga City has an effective alerting mechanism for tsunami comprising:
  - The utilisation of National Emergency Mobile Alerts (EMAs). This alerting tool is endorsed by NEMA and is the primary alerting tool for New Zealand.
  - Red Cross Hazards App
  - Ongoing and improved upgrade of the cellular networks as development occurs in low coverage areas
  - Growing use of digital social media platforms to spread awareness and information
  - Radio and television coverage
10. On-going research to monitor any emerging alerting mechanisms or learnings from both regional and international events will also be implemented to ensure Tauranga City's alerting mechanisms continue to meet current standards and best practice.

### SUMMARY OF LONG-TERM PLAN AMENDMENT & ANNUAL PLAN SUBMISSIONS

11. Council received a total of 626 submissions on the matter of tsunami preparedness. Of these, 493 submissions were in favour of Option 1, continued investment in education, awareness and supporting community networks, and 133 submissions were in favour of Option 2, implementing a tsunami siren project. Note: 554 additional submissions were received that did not respond to question 5 about tsunami preparedness.
11. Table 1 below shows the total breakdown of submissions.

**Table 1: Analysis of submissions**

#	Option	%	Count
1	<b>(Preferred option)</b> Continue investing in education, awareness and supporting community networks to ensure more isolated or vulnerable members of the community are supported.	78%	493
2	Implement a tsunami siren project, at a total cost of \$3.9 million in capital expenditure and \$209 000 per annum in ongoing operating expenditure.	22%	133
	<b>Total</b>	<b>100%</b>	<b>626</b>

12. The common themes taken from comments made by those who submitted in support of Option 1 (continued investment in ongoing education), were:
  - Sirens have proven ineffective in real disasters and not the most effective method of raising alarms.
  - Other areas are removing sirens, why would we consider implementing them?
  - Use mobile phone technology and radio networks to issue alerts, people with poor hearing won't hear the siren.
  - Education is the key to survival.
  - Investing in networks and people is more empowering and sustainable than a siren.
  - The community has a responsibility to be aware of the risk a tsunami presents so that they are informed and confident to respond when natural warning signs are experienced, and not be reliant on sirens before acting.
  - Sirens are not reliable and will cause undue stress to the elderly and frail.

- Technology has improved significantly since the siren debate started, and the text messaging system has proven to be effective.
  - Sirens are confusing and unnecessary; phones and social media provide sufficient means to get messaging out.
  - Digital is cheaper, more effective and has wider reach.
  - Concerns for vandalism to sirens.
  - The emergency mobile alert (EMA) is brilliant.
  - Self-reliance would be more effective, combined with the emergency text system, when requiring responses to tsunami threats.
13. There were few common themes found amongst those who submitted in support of Option 2 (implementation of tsunami siren project), but rather individual opinions, an overview of which were:
- Investment in education has not appeared to be effective thus far.
  - Sirens will reach everyone.
  - People don't have their phones in the bedroom at night.
  - Can be used for more than just tsunami warnings.
  - Sirens might give people a chance to get out on foot, depending on how much time they have.
  - Some of community don't have phones capable of receiving warnings.
  - Sirens are not subject to cell phone system hacking or other interference.
14. There were a number of other comments that did not relate directly to either option 1 or 2.
- Build more roads to allow traffic/critical services to move quickly in an emergency.
  - This has absolutely no impact on those living away from the coast, and therefore we should not have to pay for something that is of zero benefit to us, target rates for those living near the beach.
  - More thought to go into town planning in Papamoa East, more connections needed to TEL.
  - Would prefer \$3.9mil to be spent on other parts of the city.
  - Limit building consents in the most vulnerable areas.
  - Have developers pay for infrastructure that is needed to ensure safe evacuation routes from sub-divisions.
  - I strongly recommend working with the ethnic community for education and awareness around tsunami.

## OPTIONS ANALYSIS

### 15. Option One (recommended option)

"Continue investing in education, awareness and supporting community networks to ensure more isolated or vulnerable members of the community are supported."

Note: this will include ongoing education and awareness programme for all in the community including new residents who move in the area.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>- The Tsunami Awareness project has already reached 548,523 people, educating and raising awareness on warning signs of a tsunami.</li> <li>- The Emergency Mobile Alert (EMA) is automatically sent to all capable phones, and does not require opt in or registration. This is nationally endorsed by NEMA as the primary alerting tool for New Zealand.</li> <li>- Forms part of annual Emergency Management (EM) BAU and is key component of the successful implementation of any warning system.</li> <li>- Dedicated EM staff, building relationships with community.</li> <li>- Tailored education and engagement for identified groups, e.g., Schools, retirement villages, disabled community.</li> <li>- Significantly less financial implications than installation &amp; ongoing maintenance of a siren network, these savings could be directed toward the creation of a dedicated tsunami readiness advisor role within the existing EM team, whose sole focus would be ensuring all communities are tsunami ready. This is supported by GNS research conducted in 2017 that suggests 1 FTE : 25 000 community members.</li> <li>- The community will be educated prior to hazard events about awareness and understanding of the hazardscape, and the warning systems in place that will provide notification of a threat, giving them confidence to self-evacuate.</li> </ul>	<ul style="list-style-type: none"> <li>- Some of the coastal community may take exception to this approach, preferring the installation of a siren network.</li> <li>- May need additional resourcing (another staff member in the community resilience space).</li> </ul>

16. Key risk: the Council is criticised for not proceeding with the decision to install sirens which was made in 2019.

17. Financial Considerations

- Opex: No additional OPEX is required for this option. However, additional FTE may be required in the future to deliver additional education and awareness programmes as noted above.
- Capex: No capital outlay for this option.

18. **Option Two**

“Implement a tsunami siren project, at a total cost of \$3.9 million in capital expenditure and \$209 000 per annum in ongoing operating expenditure.”

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>- The Council will meet the expectations of some of the coastal community.</li> <li>- The addition of an alerting tool to the suite of alerting tools currently in use.</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of Understanding Around Siren Alerts</li> <li>- Behavioural Impacts, i.e. The existence of fixed sirens can create a false sense of comfort in the public in that they expect to be warned by the siren, and in turn do not self-evacuate in the case of an earthquake, losing lifesaving minutes.</li> <li>- False Alarms</li> <li>- Damage to and/or Inability to Activate Sirens During an Emergency</li> <li>- Significant initial cost and subsequent annual maintenance costs of the network</li> <li>- Large sector of community may be unhappy with the financial outlay and ongoing costs of this approach.</li> <li>- NEMA &amp; the New Zealand Tsunami Working Group agree with international best practice that tsunami sirens are inappropriate as a warning system in regions subject to local source tsunami.</li> <li>- Warnings need to work 24/7 and if power is lost, then sirens will not meet this need.</li> <li>- Effectiveness of sirens is seriously affected by winds.</li> <li>- There are environmental noise issues with the use of sirens and are thus not deemed as a long-term option.</li> <li>- An official warning may not be possible for local-source tsunami due to short arrival times – see Figure 1.</li> </ul>

19. Key risk: Community not self-evacuating for a local source tsunami due to over reliance on sirens, thus increasing potential for loss of life.

20. Financial Considerations

- Opex: \$209,000 has been included in the FY21/22 budget (and is proposed to be included in FY22/23 and subsequent budgets) to cover expected annual maintenance costs.
- Capex: \$3.9 million has been included in the FY21/22 budget (and is proposed to be carried over into FY22/23 budget) for the purchase and installation of a tsunami siren network.

**FIGURE 1:**

### RECOMMENDED APPROACH

21. Continues investing in tsunami education, awareness and supporting community networks including targeted focus on more isolated or vulnerable members of the community.
22. Council does not install a tsunami siren network.
23. This approach aligns with both national and international best practice in that tsunami sirens are deemed inappropriate as a warning system in regions subject to local source tsunami.

### CONSULTATION / ENGAGEMENT

24. Please refer to the information contained under the Background section of this report.
25. The options for tsunami preparedness were consulted on as part of the Long-Term Plan Amendment & Annual Plan 2022/23 consultation process, which ran from 25 March – 26 April 2022.

### SIGNIFICANCE

26. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
27. In making this assessment, consideration has been given to the likely impact, and likely consequences for any persons who are likely to be particularly affected by, or interested in, the decision.
28. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the decision is of medium significance.

### **ENGAGEMENT**

29. Taking into consideration the above assessment, that the decision is of medium significance, officers are of the opinion that no further engagement additional to the draft Annual Plan consultation is required prior to Council making a decision.

### **NEXT STEPS**

30. That the annual plan be amended to reflect decision made.

### **ATTACHMENTS**

**Nil**



**11.7 Executive Report to the Annual Plan****File Number: A13459723****Author: Kathryn Sharplin, Manager: Finance  
James Woodward, Delivery Manager****Authoriser: Paul Davidson, General Manager: Corporate Services****PURPOSE OF THE REPORT**

1. The purpose of this report is to seek council approval on amendments made to budgets by the executive since the draft annual plan, and the proposed funding of these investments
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**RECOMMENDATIONS**

That the Council:

- (a) Receives the Executive report to the Annual Plan
  - (b) Approves the amendments to the draft annual plan budget as proposed in this report
  - (c) Agrees to loan fund the following operational expenditure which provides long-term benefits greater than one year:
    - (i) a grant to Gordon Spratt Tennis Club of \$118,750 as part share of the costs of installing lights, with the loan to be retired over 10 years through the spaces and places activity
    - (ii) note that previously agreed loan funded opex does not require additional approval
  - (d) Agrees to transfer rates surplus from 2022 of \$7.1m to fund carried forward expenditure and additional costs of interest, revisions to Waka Kotahi revenue and the risks around expenditure budgets
  - (e) Agrees to the carryforward of loan or reserve-funded expenditure of \$4.9m from 2021-22 to cover grants and infrastructure planning work and completion of minor projects.
  - (f) Agrees to the revised capital programme (for TCC delivery and reimbursement) of \$298m after a capital programme adjustment of \$55m
  - (g) Notes the capital figure above does not include \$54m of costs for Tauriko West projects that were sitting in the LTP. This cost along with land sales and vested assets brings the total capital programme to \$320m.
  - (h) Delegates to the CE the ability to bring forward projects approved as per the LTPA 2021-31 to manage deliverability across the capital programme subject to consistency with borrowing limits and the borrowing resolution.
  - (i) Notes, only \$250K of the \$750 budget is allocated to 2023. The remainder including funding external funding is recommended to be budgeted in 2024.
- 

**EXECUTIVE SUMMARY**

2. Since the adoption of the draft annual plan for consultation, there have been further updates to operational revenue and expenditure and the cost and timing of capital projects. Significant changes requiring council decision have been summarised below. All these items have been included in the draft financials presented in the attached report. The bulk of the changes have been minor, have expenditure offsets, or are otherwise neutral in terms of rates funding requirement.

3. Overall, the financial impact of these executive changes is a net increase in total expenditure of \$21m and a reduction in operating revenue of \$0.2m. (This excludes finance revenue which is discussed under net interest expense in this report). There has been no increase in the level of rates consulted on in the draft as most of this expenditure and funding is either carried forward from 2022, has utilised loan or reserve funding, or used general rates surplus from 2022 which has been carried through to offset general rates requirement in 2023. The cost and revenue movements are summarised below:
4. Additional expenditure budgeted in 2022 now carried forward (\$6m) as follows:
- (i) Expenditure of \$4m on grants to other organisations (community partnerships BVL, and Bay Oval) carried forward to be completed in 2022 (funded by loan and reserves)
  - (ii) Infrastructure consultancy e.g., planning carried forward of \$1m (funded by loan)
  - (iii) City events budget carried forward from 2022 including CBD activation \$0.45m
  - (iv) Mount Maunganui Parking Management Plan of \$0.5m (funded by loan in parking activity)
  - (v) Various minor ongoing operational projects (\$0.1m funded by carried forward rates).
- (b) Reduction in revenue (\$0.2m)
- (i) Increase in laboratory revenue to reflect higher workload \$0.5m (additional user fee revenue offsets additional costs).
  - (ii) Increase in property lease revenue of \$0.8m (partially offsets operating expenditure Elder Housing and Marine Precinct).
  - (iii) The above increases in user fee revenue are offset by reduction in operational subsidy revenue by \$1.5m to reflect agreements with Waka Kotahi in the 2022-23 year. Note, TCC continues to budget an additional \$1m for transportation business unit subsidy from Waka Kotahi. However, we are aware that this is not currently approved by Waka Kotahi for 2023, with its funds already committed. If this subsidy is not received next year, and expenditure is to budget, at year end we would seek to loan fund the amount of funding shortfall up to \$1m. We will continue to seek full subsidy on business unit costs for TCC.
- (c) New expenditure to deliver on agreed services (\$15m)
- (i) Additional net employee costs across the business of \$3.5m to meet workload demands including:
    - (1) bringing walkways maintenance in house,
    - (2) infrastructure planning,
    - (3) corporate services support and
    - (4) capital programme delivery including significant transportation delivery requirements (funded from offsetting opex reduction, increased salary savings budgets and capitalisation, part of 2022 general rates surplus)
  - (ii) Additional \$1.8m for three waters reform transitional work.
  - (iii) Additional \$1m software licences for the new Watercare water asset management system.
  - (iv) Marine precinct removal of vessels of \$0.5m and increased dredging \$0.6m (funded by increase in marine activity borrowing).
  - (v) Additional BVL renewals grant \$1.3m (reserve funded).
  - (vi) Increased net interest costs on borrowing primarily driven by higher interest rates \$4.1m (funded through rates risk reserve (\$0.7m) and rates surplus from interest

- in 2022 (\$0.5m) and the balance applying part of 2022 general rates surplus (\$3m).
- (vii) Increased electricity costs (\$2.1m) across the business as a result of new hedging arrangements in September replacing favourable arrangements for last three years (rates portion \$0.8m applying part of 2022 gen surplus).
  - (viii) Various minor additional expenditure offset by reductions across the business.
5. The TCC delivered capital programme for next year is \$298m which is an overall net decrease of \$6m from the draft annual plan. In addition to this there is a further budget for tauriko West projects to be delivered and then assets owned by Waka Kotahi but for which TCC is required to contribute funding. There are also vested assets and land sales bringing the total capital programme to \$321m. The capital programme adjustment for the year is \$55m reflecting the amount budgeted to be delayed across the programme. There have not been widespread cost adjustments from the draft budget affecting 2023. The above figures exclude proposals from issues and options papers which could add up to \$19m additional budget.
6. The 2023 movements can be summarised as:
- (a) New projects of \$5.1m
    - (i) Links Avenue roading renewals \$1.5m
    - (ii) Capital investment for TCC delivered Spaces & Places Maintenance \$1.7m
    - (iii) Minor projects in Waters and Marine Facilities activities \$1.1m
    - (iv) Lighting the city \$250K
    - (v) Mount Toilet Installations \$500K
  - (b) Removal of capital expenditure relating to delivery of western corridor transport improvements now to be provided by Waka Kotahi with TCC providing funding for this work (shown as a capital payment from TCC of \$54.0m). These projects are
    - (i) TSP009 – Tauriko West – Northern Access
    - (ii) TSP009 – Cambridge Rd intersection Upgrade
    - (iii) TSP009 – Intersection Kaweroa Dr & SH29
    - (iv) TSP009 – Belk Road Roundabout – Land Purchase
  - (c) Reduction of the Capital Delivery Adjustments to \$55m (from \$87.3m in draft). – This capital delivery adjustment reduces the total value of the capital programme to reflect likely delays across the total of all budgeted projects caused by factors such as consenting requirements, unforeseen ground conditions and weather impacts that will affect the timing of projects. This adjustment means that interest costs and total debt are lower in the budget than if the full programme is funded.
  - (d) The remaining movements are the phasing of projects, including carryforwards from 2022 and movements from 2023 into 2024, this is a net decrease in 2023 of \$9.3m

## BACKGROUND

### Operational Budget Changes

7. Since the adoption of the draft annual plan for consultation there have been further updates to operational revenue and expenditure. Overall, the financial impact of these executive changes is a net increase in total operating expenditure of \$20m. and a reduction in operating revenue of \$0.2m. There is no additional rates impact for 2022-23 as the changes have been funded from a combination of carried forward funding, are loan or activity cash balance funded or are offset by revenue or expenditure reductions.

8. The key changes and their funding were summarised in the executive summary above with further information provided below by activity.

## Infrastructure Services

### Transportation Budget Adjustments

9. The transportation budgets reflect increasing deliverables in both capital and operational expenditure. There have been some delays in delivery across transportation and infrastructure planning activities which are reflected in a forecast rates surplus in 2022 which has been transferred across to fund the work being undertaken in 2022-23. Additional employee expenditure has been budgeted to be fully offset in 2023 by other vacancies (budgeted as salary savings) and by increased capitalisation of salaries. After 2023 the intention is to seek further NZTA reimbursement of business unit costs, although there is likely to be an increase in total employee costs over time in this activity. More detail is provided as Attachment 1 to this report.

### Three waters

10. Additional \$1.8m for three waters reform transitional work. This work is expected to be reimbursed by central government as part of the reform. However, it is currently budgeted to be funded from waters activities balances. This conservative approach is because there has been no agreement at this stage for the transition unit to fund transition costs.
11. Additional \$1m software licences for the new Watercare water asset management system, which will be funded through the waters activities' balances in 2023. Over time this operating cost will form part of the total operating costs covered by targeted rates for wastewater and water (including by meter charges).

### Electricity

12. Additional electricity costs (\$2.1m) will impact across the organisation next year as a result of new tendered hedging arrangements being put in place in September replacing the existing arrangements. The new kwh rate is expected to be much higher than the rates obtained during the last three-year contract. The largest electricity users are transportation, water supply and wastewater. The waters costs are currently reflected in the costs covered by the targeted rates, while transportation costs have been offset by savings from installation of LED lights which reduce total kwh used for streetlighting.

## Community Services

### Heritage Collection

13. This year has seen the introduction of a programme to increase community connection with the heritage collection. This programme has proved hugely successful and is proposed to be continued through 2022-23 to continue education, exhibition display and marketing of the digital collection. An additional \$100,000 per annum has been included in the budget to continue this work for the next two years in preparation for the museum development.

### Sculpture Trust

14. A budget allocation of \$136,000 has been set aside for public art, to include the establishment of a sculpture trust. A decision as to how this funding will be allocated will be made following the confirmation of the new public art framework. Staff are working with the Park to Park trust, an independent trust seeking to establish a public sculpture trail connecting Kulim and Fergusson Parks. The trust is at an early stage of development and staff have been providing guidance on the commissioning process for public art, including curation, project management, interpretation and ongoing maintenance. This expenditure utilises Project Tauranga reserve funds.

**Walkways Maintenance**

15. As the Walkways Maintenance and Roadside Accessways Mowing contracts came up for retendering this year, a review has been undertaken of the costs and benefits of contracting for these services into the future or TCC directly delivering these services. The review concluded internal delivery was preferred and processes have commenced to begin delivery of services directly by TCC for 2022-23. This has resulted in an amendment of budgets from operating costs (contract payments) to direct salary costs and other operating expenditure. Net rates impact in the first year is \$220,000 including the transition costs to bring functions in-house. There has been capital expenditure of \$1m to provide for vehicles, plant, and construction of a new depot (\$1.7m).

**Gordon Spratt Court Lights**

16. In the LTP, Council agreed to deliver tennis court lights at Gordon Spratt reserve as a capital project. It has instead been proposed that Council will provide grant funding to the Gordon Spratt Tennis Club of \$118,750 as a 25% contribution to funding of lights. This proposed loan funded grant replaces a previous capital project. This loan would be retired through the activity over 10 years.

**Bay Venues Renewals and Grant to be Completed in 2022-23**

17. Renewals programmed for 2021-22 have not been completed and are proposed to be undertaken in 2022-23. The grant funding budgeted for this work (\$1.65m) will be carried forward to next year. A further \$1.3m of renewals has been requested by BVL for 2023. This expenditure is funded from the BVL renewals reserve held by TCC.

**Grants for Bay Oval and Community Partnerships**

18. Grants to support Bay Oval capital construction of pavilion are being carried forward from 2022. There is a separate issues and options report regarding additional funding for the pavilion and other investments.
19. Grants for Community partnerships (papakainga and community housing \$900,000) are being carried forward to be provided in 2022-23.

**City Events Budgets**

20. Due to Covid challenges some events were deferred or downsized and remaining budget from 2022 proposed to transfer to 2022-23 to deliver these key initiatives including CBD activation as part of the civic precinct development (\$440,000).

**Golf Road Reserve Building**

21. Through the development of the Community Centres Strategic Plan and our assessment of options for the best uses of Golf Road Reserve, we have concluded that refurbishing the old bowling club to enable it to be used as a community meeting space is a good outcome for the community in the area and a cost-effective way of providing much needed additional space quickly. We are finalising our assessment of the works required, but our initial, conservative cost assessment is that \$388k will be required to bring the building into sustainable use for at least the next 10-15 years. This will require an additional \$161k on top of the existing budget in the 2023 FY.

**Lighting the City**

22. Building on the success of the Strand Christmas lights, staff are working with lighting designer Angus Muir to explore options for installations that would light up the city on a permanent basis. A feasibility study is currently underway, investigating options for lighting the City Centre using LED lights, which use half the energy of standard lighting and last five to seven times longer. The total capital cost for permanent lighting is estimated at \$750k and it is assumed this project will attract \$250k external grant funding. The budget has been phased at this stage with \$250k in 2022-23 and the remainder recommended to be included in 2023-24 but with delegation to the CE to spend the full \$750k budget in 2023 should progress on this initiative allow this.

23. The opex implications of this project are estimated at an average of \$120k/annum from 2024 FY onwards to cover power, maintenance, programming costs, depreciation and financing costs. The outcome would see fixtures and fittings installed to enable year-round lighting, which could be themed for special events.

### **Mount Maunganui Toilets**

24. Additional toilets are proposed for Mount Maunganui after toilets were vandalised at Coronation Park. A budget has been included for toilet replacement and upgrade. In 2022-23 \$500k is included to commence planning and design with a further funding allocation required for 2024 to complete construction.

### **Marine Precinct - Demolition of vessels at bridge wharf and dredging**

25. Budget in the marine precinct Activity has been included for the demolition of 2 abandoned vessels currently at Bridge wharf. The costs will be split with BOP Regional Council. The TCC share is \$565k, which includes \$176k of lost revenue and in-house costs. Additional dredging costs \$0.6m have also been included in the budgets along with some adjustments to lease revenue. The work is expected to be completed early in 2022-23.

## **Corporate Services**

### **Interest Adjustments**

26. In the last 6 months there have been significant increases in interest rates with further upside risk continuing. In the draft annual plan, average interest rates for 2022-23 were calculated at 3.14%. Based on current market this has been adjusted to 3.55%, which has a \$3m impact on external interest costs. There have also been adjustments to the mix and timing of the capital programme and offsetting subsidies, and a higher opening balance, which has further increased interest costs.
27. At the end of 2021 financial year, the surplus interest budget was transferred to a reserve to help to manage this uncertainty. There is also a forecast surplus for 2022 of \$450,000. These surpluses will reduce the rates impact of the interest rate movement by \$1.2m. Part of the stormwater operational surplus is also proposed to offset the remaining additional interest costs.

### **Additional Employee Costs**

28. Additional net employee costs across the business of \$3.5m has been included to meet workload challenges for delivery of services, including transportation capital delivery, bringing walkways maintenance in house, infrastructure planning, operational projects, corporate services (cybersecurity, human resources, legal, procurement, finance), and capital programme and funding delivery. The above figure is after capitalisation. The \$3.5m increase has been offset by reduction in other operating costs, and funding carried forward from 2022. There is a risk that the additional resource costs, though funded in 2022-23, may lead to additional rates funding requirement in 2024. The extent of flow on cost will depend on the amount of vacant positions and churn (salary savings), the extent of capitalisation of salaries and Waka Kotahi and other external funding.

### **Review of Remuneration and Budgets**

29. This years' annual salary review aims to ensure TCC continues to attract and retain a workforce capable of delivering to TCC's Strategic Plan. The labour market is becoming increasingly tight, and with unemployment rates predicted to go to 3% or lower with pressure on wage inflation and supply of staff. Ensuring that the levels of remuneration at TCC are appropriate is a key intervention in managing the risk of turnover and inability to attract the staff necessary to deliver to the LTP.

30. The rise in wage inflation creates a risk for TCC that our budget for salary movement is now unlikely to be able to deliver all desired outcomes of the remuneration review. Modelling work is currently underway to understand the implications and options and it is proposed that any movement in salary adjustments above budget would be managed through salary savings. This would potentially impact funding requirements in 2024.

### TCC Graduate programme

31. TCC are working with Priority One and University of Waikato to establish a formal graduate programme. Priority One's overall aim of this programme is to attract students to Tauranga as a study destination by offering study programmes that have a strong connection to business. The benefits to TCC being one of the businesses involved include exposure of TCC within the University as a potential future employer, having students working within TCC as a part of their study, access to the latest thinking, and the future ability to work with the University on the shape of programmes of study. The graduate programme is aimed to commence in the 2022-23 financial year in one discipline and will build in the following years. It is estimated that the cost of the programme in 2022/23 will be \$50k which has been included in the draft budget. Additional budget required for future years will be brought to Council for approval.

### Staff Training

32. In the draft annual plan, \$520,000 of 2021- 2022 training budgets not spent due to impacts of covid on training opportunities was transferred to 2022-23. This will effectively fund this work using rates surplus at June 2022.

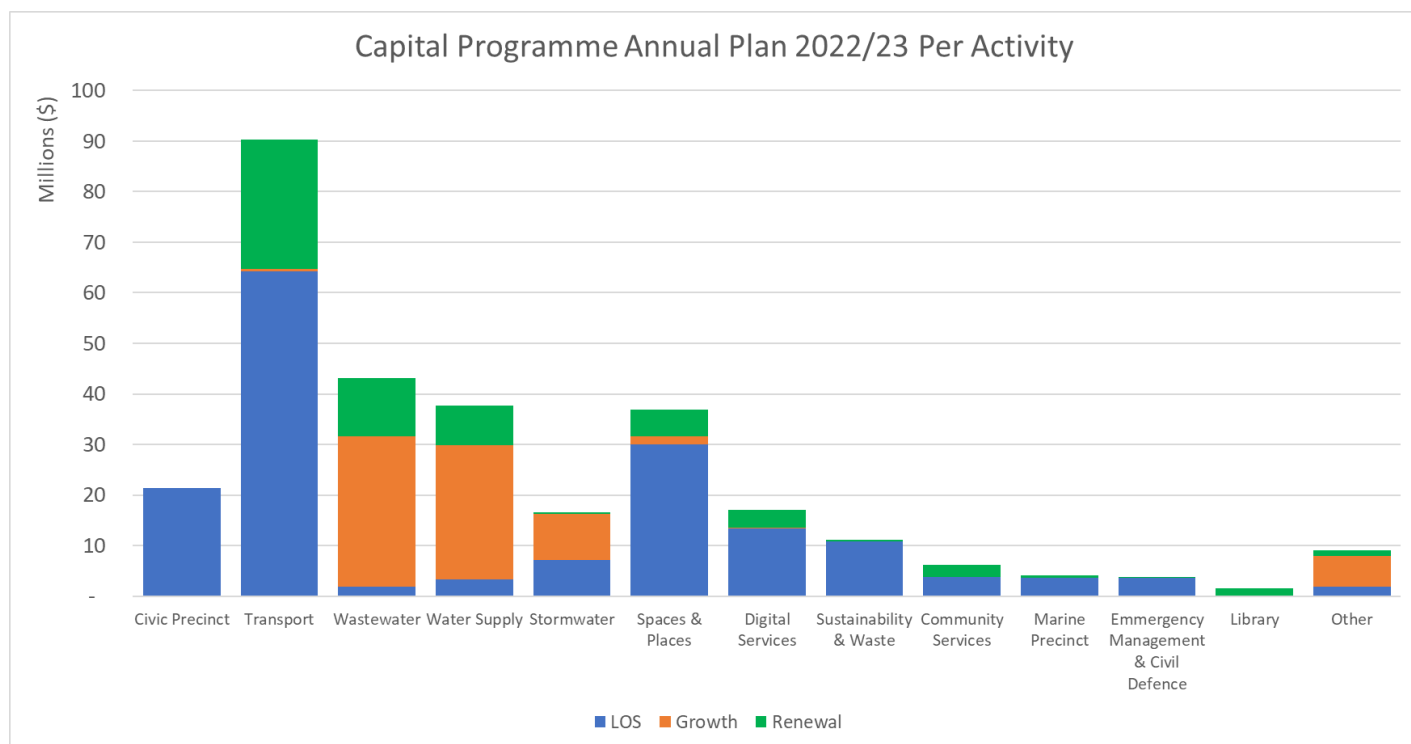
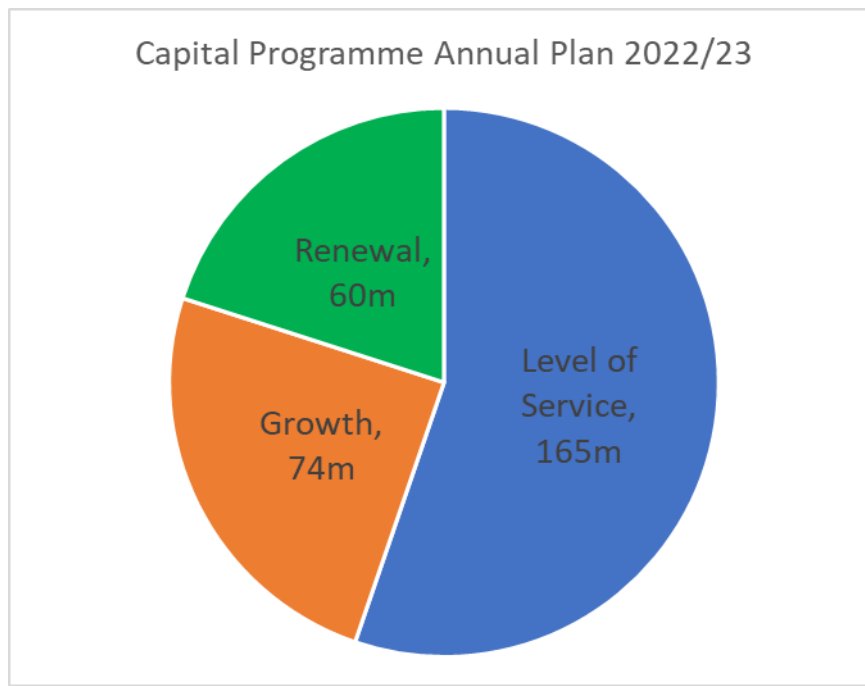
### Capital Delivery Analysis

33. The capital programme consulted with the community was \$303m (excluding land sales and vested assets). Since the draft further review has led to a revised delivery programme of \$298m. The full capital programme including land sales vested assets and payment to Waka Kotahi for Tauriko West projects is \$321m as shown in Table 1 below.

Capex	Project Delivery Category	Current 2022/23 Annual Plan	Draft 2022/23 Annual Plan	Variance to Draft Annual Plan
Capex	TCC Delivered	\$278.3m	\$251.1m	\$27.2m
Capex	Land Purchase	\$8.3m	\$10.1m	(\$1.8m)
Capex	Developer Reimbursement	\$7.2m	\$3.2m	\$4.0m
Capex	External Delivery	\$4.5m	\$38.7m	(\$34.2m)
<b>Total TCC Delivered and Reimbursed Capex</b>		<b>\$298.4m</b>	<b>\$303.2m</b>	<b>(\$4.8m)</b>
Other	External Delivery (Waka Kotahi)	\$54.0m		\$54.0m
Other	Land Sales & Vested	(\$31.5m)	\$18.7m	(\$50.2m)
<b>Total Other (Land Sales, Vested &amp; Payments to Waka Kotahi for Tauriko West)</b>		<b>\$22.5m</b>	<b>\$18.7m</b>	<b>\$3.8m</b>
<b>Total Capex and Other</b>		<b>\$320.8m</b>	<b>\$321.9m</b>	<b>(\$1.0m)</b>



34. The key areas of investment are summarised below.



### Further changes not captured

35. Through the Issue & Option papers there are a number of recommendations impacting the programme which are additional to the current 2022/23 capex of \$298m. This would increase the programme a further \$19m resulting in a capital programme next year of \$317m

- (a) Active Reserves \$12.4m
- (b) City Centre Waterfront Development \$9.4m



- (c) Tsunami Sirens \$3.1m (remove project)
- (d) Sustainability Projects (\$250k)
- (e) Te Maunga Redevelopment (\$nil additional budget in 2023)

### **Delivery considerations**

- 36. A 3% inflation adjustment was made to the 2023 capital projects consistent with the LTP assumption. Based on inflationary movements to date and further supply chain risks this assumption is likely to be too low with risk of overspend on some projects.
- 37. There is still considerable pressure on the supply chain across all project lifecycle phases such as cost increases for project materials and longer lead times for materials both in NZ and Globally, this is expected to continue for the foreseeable future. Procurement processes may take longer to secure resources to deliver both design and construction phases, this is partially offset by the capital delivery adjustment.
- 38. Historic use of maintenance contractors to deliver lower value capital items are not as likely in the short/medium term as these contractors are at the limit to manage current operational requirements (i.e. Downers Waters Contract). This is partially mitigated by panels that can be utilised for the lower value projects, but there is still risk for projects in attracting suitable suppliers for projects under \$1m.
- 39. Internal resourcing to deliver
  - (a) Resourcing within the business remains a challenge, resourcing levels have increased during 2022 but sourcing the optimal levels of recruitment is still challenging with a scarcity of available resource across the industry. Lack of internal resourcing in the “doing” area is a main driver of projects being delayed. As projects were reviewed there were still projects budgeted for next year that did not have a project manager allocated yet.
- 40. Bring forward delegation for all projects
  - (a) It is recommended that the current delegation for the CE to bring forward projects in the LTP is extended to all projects, subject to LTP approved budget, all funding in place and within borrowing limits. This would streamline the management of projects and make it a simple but still robust process for the business.
- 41. The budgets are included based on receiving external funding for a number of projects across civic, transportation and spaces and places. If external funding for projects is not realised, options for these projects will be brought back to council.

### **STRATEGIC / STATUTORY CONTEXT**

- 42. This executive report forms part of the material provided to Council for deliberations on the annual plan

### **OPTIONS ANALYSIS**

- 43. These budget adjustments have been incorporated in the draft prior to deliberations, but items can be removed at the request of council.

### **FINANCIAL CONSIDERATIONS**

- 44. The impacts on financials are contained in the Long Term Plan Amendment/Annual Plan 2022/23 Deliberations Report on this agenda.

### **LEGAL IMPLICATIONS / RISKS**

- 45. There are no specific risks arising from this deliberations report.

## CONSULTATION / ENGAGEMENT

46. No further consultation is proposed as this report forms part of the annual plan process.

## SIGNIFICANCE

47. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
48. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
- (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  - (b) any persons who are likely to be particularly affected by, or interested in, the .
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
49. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter is of low significance.

## ENGAGEMENT

50. Taking into consideration the above assessment, that the decision is of low significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

## NEXT STEPS

51. Include these items as part of the annual plan budget.

## ATTACHMENTS

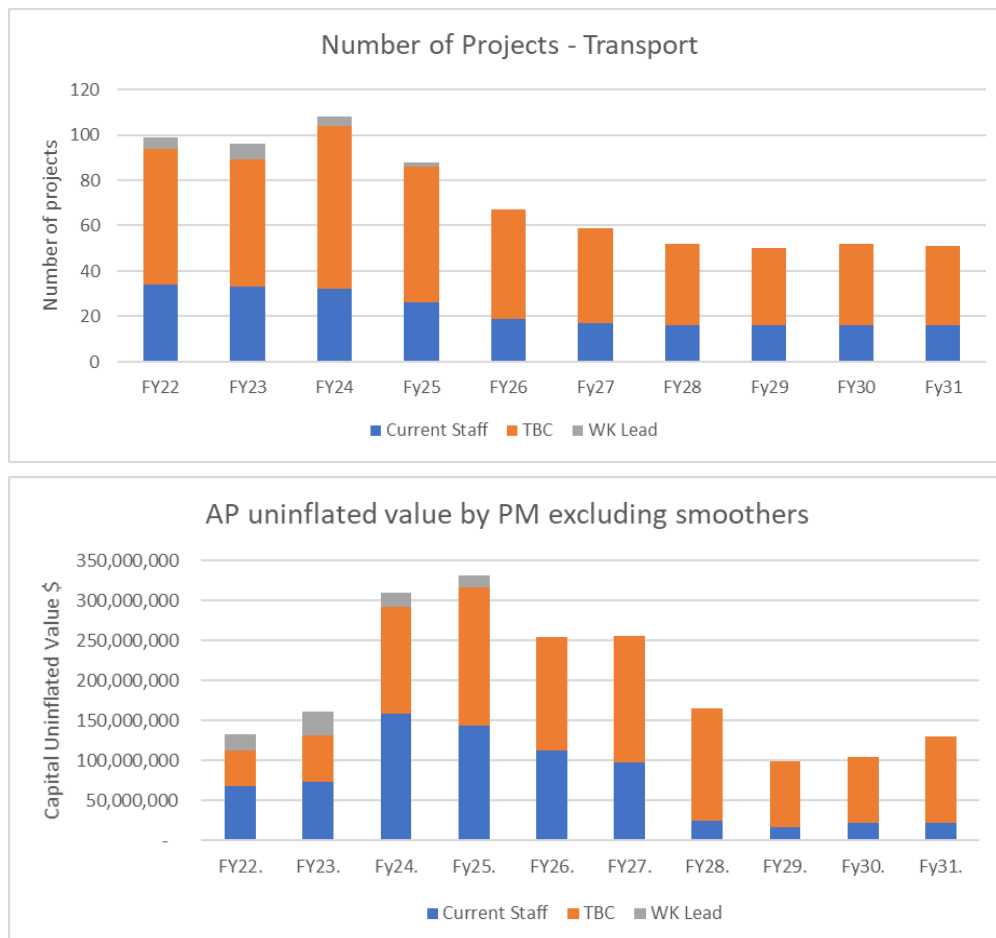
1. **Attachment 1. Transport Team Capital Delivery Change Proposal - A13496032** [↓](#)

**Transport Team Capital Delivery Change****File Number: A13496032****Author: Brendan Bisley, Director of Transport****Authoriser: Nic Johansson, General Manager: Infrastructure****PURPOSE OF THE REPORT**

1. The purpose of this report is to recommend changes to the capital delivery functions within the Transport division to provide the capacity needed to deliver the planned capital programme as it increases from FY23 onwards. The recommendations in this report will scale up and future proof the Transport team to ensure delivery on time and to budget.

**BACKGROUND**

2. Tauranga City Council and its transport partners have been planning how best to cater for the western Bay of Plenty's urban growth and transport needs over the next 30 to 70 years. The council's delivery of new transport infrastructure during the past four years has been minimal and mostly reactive while that future planning was underway.
3. The Transport System Plan (TSP), a key component of the future planning, was finalised in 2021. The TSP identifies priority transportation projects for delivery with a significant portion of that being the responsibility of Tauranga City Council.
4. Waka Kokahi sought Ministerial approval to a change in funding arrangements which resulted in the majority (over 95%) of TCC's TSP programme being provided for in the National Land Transport Programme (NLTP).
5. Government funding is increasingly reflecting the urgency and importance of supporting Tauranga's infrastructure investment as housing, congestion and climate change pressures converge. Recent examples include:
  - in October 2020 the council was allocated \$46 million for the Cameron Road stage one project;
  - the NLTF allocation was over 95% of what the council had expected;
  - the government's Infrastructure Acceleration Fund, announced on 3 May 2022, will likely contribute over \$41 million towards accelerating transport projects in Tauriko and around \$49 million towards transport projects in Te Papa.
6. These factors all result in a programme of work which has expanded beyond what was previously delivered and plan. The transport capital budget has increased from \$50-70 million per year (in 2019) to around \$300 million per year (from 2024).
7. The transportation division was most recently restructured in 2019. The new structure was designed to be scaleable to deliver on an expanding capital programme. The structure is still fit for purpose but the team is under capacity given the now planned programme of delivery.
8. Attached below is the allocation of projects showing the current staff and what would be required to successfully deliver the programme.



### PROPOSED RESOURCING OVERVIEW

9. Under the proposed resourcing, project management staff will be divided into three teams. Each team will be focused on a different part of the capital programme requiring specific skill sets: business cases; small and medium projects; and major projects design and construction. Each of the three teams will have its own programme manager and those three programme managers will report to a single programme lead.
10. To successfully deliver a programme of \$300 million, 11 additional positions are required to be created. They cover specialist skills in project/programme management for business cases and major capital projects, and tactical transport planning to bridge the gap between strategic planning and project design/delivery.
11. The appropriate duration to build this capacity into the team would be 18 months to two years. The additional cost to council would gradually build to approximately \$850K per year at that time. This is the cost after WK contribution.

### BENEFITS

12. High quality in-house project management resourcing delivers better value to time, cost and quality because we lift the accountability component and deliver a better product. This is also a commitment to our partners at the TSP table.
13. An alternative to bringing more resource into the Transport team would be to employ consultant resources to fill any gaps. Consultant time is typically two to three times more

expensive than staff time so this would be a costly long term approach. Further we would lose the value of building our own skill, experience, and IP that we need to be an intelligent and astute client

#### EXTERNAL FUNDING CONTRIBUTION

14. The cost for additional staff can be capitalised against project costs, and further, attracts Waka Kotahi funding contribution of 51%. Council receives funding from Waka Kotahi for the provision of a transport function. They pay 51% of the costs for staff, vehicles, office space etc to have a roading network in the city and its ongoing management and maintenance.
15. There is currently a project underway to review the amount claimed as it has not been reviewed for several years and it appears that Council may be under recovering the costs. Early indications are that Tauranga City Council may be eligible for a further \$1-1.5m per annum in subsidy to account for the additional staff now involved in the transport function. The 11 new positions proposed in this paper would also be eligible for part of their time to be claimed under the subsidy.
16. The review process is expected to be completed this calendar year and will be submitted to Waka Kotahi for agreement and approval in early 2023. Any increase would then be applicable from the next NLTF funding round. If surplus funds were available in the current NLTF it may be able to be claimed earlier, but current indications are this is unlikely.

#### FINANCIAL CONSIDERATIONS

17. Whilst every attempt will be made to secure NLTF funding a risk remains that this is not available in the 2023 year. Noting the financial risks of the timing and receipt of any payment from the NLTF for this business unit claim the following is proposed to fund these positions:
  - a) Any opportunities to capitalize costs will be taken reducing the potential operational cost impact
  - b) A number of vacant positions currently exist within the transportation activity. Savings from these vacant positions will assist with the funding of any new positions noted in this paper
  - c) Recruitment will be staged based on the work programme so the full cost of these positions will be staggered over the year
  - d) In the event that recruitment exceeds current predictions and adequate operational funding is not available they will be loan funded and retrospective funding will be sought through the NLTF and if this is not available future years rates will be adjusted to repay this debt.
18. This approach will avoid the need to increase rates further in the 2023 Annual Plan without exhausting all other funding opportunities in the first instance.

#### LEGAL IMPLICATIONS / RISKS

19. Unless we build up our own capacity and capability to deliver the TSP programme, we run the risk of failing demands to time, cost and quality in the delivery of the works, ultimately jeopardizing transport outcomes for the travelling community, mode shift and freight tasks. We would also run the risk of failing our ambition to be an intelligent client and attractive partner as per our strategic procurement plan.

#### CONSULTATION / ENGAGEMENT

20. The Council engaged with sector partners and the community in developing the Urban Form and Transport Initiative and the Transport System Plan for the 21-31 LTP. This resource is required to deliver on those plans.

**NEXT STEPS**

21. If the resourcing changes are approved, we will start the recruitment process with immediate effect; ensure the targeted recruitment is suited to strategic procurement implementation, and; keep our TSP partners and other stakeholders informed of progress.

**11.8 Annual Plan 2022/23 Deliberations - Issues and Options - Other feedback and suggestions****File Number: A13459618****Author: Josh Logan, Team Leader: Corporate Planning****Authoriser: Christine Jones, General Manager: Strategy & Growth****PURPOSE OF THE REPORT**

1. This report is presented to Council to deliberate on the issues and options raised and feedback received through consultation for other topics.

**RECOMMENDATIONS**

That Council:

**Dive Crescent and the Tauranga Waterfront (Attachment 1)**

- (a) Approves the inclusion of the following budgets in the 2022/23 financial year:
  - (i) \$1.45m for the Dive Crescent at-grade carpark project
  - (ii) \$2.6m for the Beacon Wharf remediation and upgrade project
  - (iii) \$5m for the Waterfront Reserve development project, noting the balance of funds needed to complete the project (\$7m) need to be added to the 2023/24 financial year.
  - (iv) \$350K for the Cargo Shed interior fitout (Option 1).

**Tourism Funding from the Airport Activity (Attachment 2)**

- (b) Establishes a tourism fund of \$1 million to come out of the Airport reserves in the 2022/2023 financial year.
- (c) \$621,000 of the fund would be allocated towards continued funding for the implementation/delivery of Tourism Bay of Plenty's destination management strategy, with some clearly measurable deliverables.
- (d) The remaining balance of \$379,000 would go towards funding beautification projects across key tourism hotspots/gateway and tourism activation, e.g. Mount North and Tauranga CBD, including \$68,000 to be allocated to the Tauranga Art Gallery to contribute towards programme and exhibition costs for 2022/2023 (see Issues and Options – Tauranga Art Gallery Funding.) (Option 1).

**Tauranga Art Gallery Funding (Attachment 3)**

- (e) Approves a one-off increase to the operating grant of Tauranga Art Gallery of \$68,000 in the Annual Plan 2022/23 to come out of the Airport activity, contributing to programme and exhibition costs to activate the CBD and tourism opportunities. (Option 4).

**Community Grant Fund – Partnership Agreements (Attachment 4)**

- (f) Approves additional opex of \$340,000 to be included in the Annual Plan 2022/23 to fund the following four partnership agreements (Option 1):
  - (i) Good Neighbour Aotearoa Trust \$50,000
  - (ii) Here to Help U \$80,000
  - (iii) Tauranga Community Food Bank \$60,000
  - (iv) Envirohub \$100,000

- 
- (v) Socialink \$50,000

**Creative Bay of Plenty (Attachment 6)**

- (g) Declines the funding request from Creative Bay of Plenty (Option 2).

**Merivale Community Centre (Attachment 7)**

- (h) Approves the proposed budget adjustments to enable delivery of key community centre projects (Option 1):
- (i) Approves additional \$3.9m (incl \$2m external funding) to 2023/24 to enable completion of the Merivale Community Centre and add \$100k per annum to a community centre operational budget from 202/25, pending agreement of a sustainable governance and management model.
  - (ii) Endorses a new Council-led delivery model for the build, ownership and ongoing maintenance of Merivale Community Centre, with the Merivale Community Incorporated trust continuing to manage the centre.

**Active reserves – Links, Gordon Spratt, Blake (Attachment 8)**

- (i) Reallocates Long-term Plan budgets in later years to enable delivery of active reserve improvement projects (Option 1):
- (i) Reallocates Long-term Plan budgets from later years to 2022/23 to provide an additional \$6.2m towards active reserve improvement projects and note that \$12.6m will be required in the 2023/24 and \$22.7m in 2024/25.
  - (ii) Agrees to loan fund \$1.7m opex in 2022/23 for warm season grasses over a 10-year period. Note that opex of \$576k in 2023/24 and \$2.8m in 2024/25 will also be required to be loan-funded over a 10-year period.
  - (iii) Allocates \$51k opex in 2022/23 towards for Blake Park mowing and note that ongoing opex will be required in future years to be confirmed through future Annual Plan and LTP processes.

**The Bay Oval Trust (Attachment 10)**

- (j) Funds the shortfall request for the Stage 2 Pavilion (additional \$1,934,240 grant in 2022/23) to, with other funders, enable the project to proceed; and
- (k) Supports in principle Council fund one-third (\$2m) of the indoor training centre as part of a future Long-term Plan process if/when the Bay Oval Trust demonstrate funds have been secured for the remaining two-thirds and Council receives an annual update report on progress as part of the Annual Plan process (Option 3).

**Carlton Street reserve playground (Attachment 11)**

- (l) Delivers improvements to Carlton Street Reserve playground and skate park (including accessibility, shade and skatepark improvements in 2022/23 utilising existing budgets.) (Option 1).

**Sub-Regional Equine Racing Working Group and Relocation Study (Attachment 12)**

- (m) Supports investigations of a potential racecourse relocation a site in the Bay of Plenty by providing \$80,000 funding for Stage 1 of the proposed Working Group and Relocation Study within the 2022/23 Annual Plan budget (Option 1).

**Equestrian strategy funding (Attachment 13)**

- (n) Continues to work with the TESA group to complete a concurrent relocation site options study for day-to-day equestrian activities.
- (o) Racing working party to consider specific equestrian eventing opportunities, as appropriate.
- (p) Agrees not to fund the Tauranga Equestrian Strategy at this time.



- 
- (q) Better outcomes can be achieved for the Bay of Plenty region if the National Equestrian Strategy work and BOP regional facilities work is undertaken prior to a Tauranga Equestrian Strategy being developed. Rather the relocation site options study for day-to-day equestrian activities will feed into these processes (Option 1).

#### **Sustainability Projects (Attachment 14)**

- (r) Approves additional funding of \$250,000 for sustainability initiatives (Options 1-5).

#### **Te Maunga Redevelopment (Attachment 15)**

- (s) Approves the increased scope and increased Council contribution of \$6m, with a report on a funding plan to follow if MfE funding to bridge the funding gap is not secured (Option 1).

#### **Kingswood Road Traffic Calming (Attachment 18)**

- (t) Undertakes design and installation of speed management devices on Kingswood Road (Option 1).
- 

## **BACKGROUND**

### **Annual Plan 2022/23 consultation process**

- 2. Consultation on the Annual Plan 2022/23 consultation document was undertaken from 25 March to 27 April. In total, almost 1,181 submissions were received covering a wide variety of topics.

### **This report**

- 3. This report covers a number of matters raised through submissions that relate to other topics that were not covered in the consultation document.
- 4. Each identified matter where a clear decision is required by Council has been covered in a separately attached issues and options paper. These issues and options papers include financial considerations relevant to the specific matter.
- 5. The recommendations within each issues and options paper have been brought forward into the above recommended resolutions for Council's consideration. Where there is no specific staff recommendation on a matter, the recommended resolutions above provide for Council to select an option from within the issues paper or to craft its own resolution.
- 6. This is a compilation report. While a single author and authoriser are identified above, in reality the attachments have been prepared by a number of different authors and each has been formally approved by the relevant General Manager. Discussion on each attachment will be led by the relevant General Manager.

## **STRATEGIC / STATUTORY CONTEXT**

- 2. The preparation and adoption of an annual plan allows Council to review the budget for the respective financial year to ensure the budget is accurate and to enable Council to respond to strategic priorities and objectives.
- 3. The Local Government Act 2002 (LGA) requires local authorities to prepare and adopt an Annual Plan for each financial year. This report is in relation to the 2022/23 financial year, which is the second year of the 2021-31 Long Term Plan (LTP). Developing an Annual Plan requires consultation on changes that are significantly or materially different from the LTP.

## **OPTIONS ANALYSIS**

- 4. Options are provided for each issue in the attachments to this report.

## LEGAL IMPLICATIONS / RISKS

5. The Annual Plan is Council's resource-allocation document for the year ahead.
6. Legally, the purpose of the Annual Plan is set out in section 95(5) of the Local Government Act 2002 ("the Act") as being to:
  - (a) *contain the proposed annual budget and funding impact statement for the year to which the annual plan relates; and*
  - (b) *identify any variation from the financial statements and funding impact statement included in the local authority's long-term plan in respect of the year; and*
  - (c) *provide integrated decision making and co-ordination of the resources of the local authority; and*
  - (d) *contribute to the accountability of the local authority to the community.*
7. The Act also requires, at section 95(6), that the Annual Plan be prepared in accordance with the principles and procedures that apply to the 2021-31 Long-term Plan.

## SIGNIFICANCE

8. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
9. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
  - (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  - (b) any persons who are likely to be particularly affected by, or interested in, the matter.
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
10. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the decisions required by this report are individually of low or medium significance.

## ENGAGEMENT

11. Taking into consideration the above assessment, that the decisions are of low or medium significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

## NEXT STEPS

12. Following Council decisions, the final Annual Plan 2022/23 will be prepared, including any changes as a result of deliberations, and will be presented for adoption on 27 June.
13. This report responds to issues raised through public submissions and identified by the community. Following adoption of the Annual Plan 2022/23, submitters will be sent a summary of decisions and will be informed where they can access the deliberations reports.

## ATTACHMENTS

1. **Issues and Options - Dive Crescent and Waterfront - A13476249** [↗](#)
2. **Issues and Options - Tourism Funding from the Airport Activity - A13446193** [↗](#)
3. **Issues and Options - Tauranga Art Gallery Funding - A13446190** [↗](#)
4. **Issues and Options - Community Grant Fund and Partnership Agreements - A13449116** [↗](#)

5. **Attachment - Community Grant Fund - Requested Partnership Agreements - A13449121** [↓](#)
6. **Issues and Options - Creative Bay of Plenty - A13446186** [↓](#)
7. **Issues and Options - Merivale Community Centre - A13484799** [↓](#)
8. **Issues and Options - Active Reserves - A13427290** [↓](#)
9. **Attachment 1 - Active Reserves - A13448513** [↓](#)
10. **Issues and Options - The Bay Oval Trust - A13449215** [↓](#)
11. **Issues and Options - Carlton Street Reserve Playground - A13433814** [↓](#)
12. **Issues and Options - Sub-Regional Racing Working Group - A13446188** [↓](#)
13. **Issues and Options - Equestrian Strategy - A13420776** [↓](#)
14. **Issues and Options - Sustainability Projects - A13476274** [↓](#)
15. **Issues and Options - Te Maunga Redevelopment - A13492261** [↓](#)
16. **Attachment 1 - Te Maunga Site Plan - A13475591** [↓](#)
17. **Attachment 2 - Construction, Demolition and Education Drawings - A13475590** [↓](#)
18. **Issues and Options - Kingswood Road Speed Calming - A13472657** [↓](#)

**Title: Issues and Options – Various projects proposed for Dive Crescent and the Tauranga Waterfront (North of Hamilton Street)****File Number:****Author: Mike Naude – Director of Civic Redevelopments****Authoriser: Gareth Wallis – General Manager: Central City Development****ISSUE**

1. This report suggests new funding for three proposed projects located on Dive Crescent and part of the Waterfront Reserve (currently The Strand carpark), namely:
  - Construction of an at-grade carpark and associated landscaping on the western/landward side of Dive Crescent;
  - Upgrade and remediation of Beacon Wharf on Dive Crescent into a recreational wharf; and
  - Developing the Waterfront Reserve (currently The Strand carpark) into a green space, including the installation of a playground, splashpad and associated landscaping elements (e.g. paving, seating, planting, etc.).
2. This report also suggests additional funding to complete the internal fitout of the Cargo Shed, once the current seismic strengthening work has been completed (e.g. installation of toilets, kitchen facilities, interior refurbishment, safety upgrades etc.).
3. It is important to note that the development of the Waterfront Reserve is a project that was originally proposed as part of the Te Manawataki O Te Papa Civic Redevelopment project. However, the Civic Redevelopment projects outlined in this paper are more closely aligned with the development of the broader Waterfront area and have therefore been included within the scope of the Waterfront Reserve and Dive Crescent Redevelopment project.

*Picture 1 & 2: Locations referenced in this paper*



### ANALYSIS OF SUBMISSION POINTS

4. Council has received submissions from the public requesting the upgrade of parks, including providing opportunities to encourage passive recreation for children, teenagers and families; and for casual events.
5. One submission promoted the Southbank development on the Brisbane River and another suggested the Cairns Waterfront as exemplars for consideration in the future development of the Tauranga waterfront.
6. Several submissions specifically suggest developing the Waterfront Reserve (currently The Strand carpark) into a green space.

### STRATEGIC CONTEXT

7. On 6 December 2021, Council adopted the Civic Precinct Masterplan. This Masterplan included the development of a section of the Tauranga Waterfront between Wharf and Hamilton Streets. The Tauranga Waterfront Masterplan (2018) also provides guidance for the development of the Tauranga Waterfront Reserve, from Dive Crescent to the Matapihi Bridge, with a link to Memorial Park via the Memorial Walkway.
8. The City Centre Strategic Plan is currently being refreshed and will be presented to Council for adoption in July 2022. The projects proposed in this report are consistent with the strategic direction and guidance that is set out in the refreshed City Centre Strategic Plan, in particular the following two strategic outcomes:

***A waterfront city centre, connected to a high-quality, destination waterfront***

***A city centre for people, where people live, work, learn and play, that prioritises people at its heart.***

9. While still in draft, work to date on the City Centre Strategic Plan supports provision of further open space being provided on the waterfront, including provision for events space, and soft and hard stand areas for passive recreation in close proximity to the water's edge.
10. Funding approval for the projects proposed in this report will signal the commencement of a programme of upgrade and beautification works as part of a broader central city regeneration programme, consistent with the vision of creating a vibrant city centre the community can be proud of, where our heritage is valued and appreciated.

### DISCUSSION AND ANALYSIS

#### **Dive Crescent carpark**

11. The section of land between Fixation Coffee and the KTM building on the landward side of Dive Crescent is currently used for adhoc, paid public carparking. The area north of the KT building is currently used for adhoc, free public carparking. The KTM building is due for demolition and once complete, this entire area is planned to be resealed and reconfigured to allow for paid carparking across the entire area.
12. The available renewals budget is not adequate to complete the project as planned and additional funding of \$1.45m is therefore required.
13. Completion of the new at-grade carpark on Dive Crescent will allow for the relocation of carparking from The Strand carpark, which in turn will allow for the immediate commencement of the Waterfront Reserve development. This will support visitors and residents being able to gain access easy to the new recreational green space.
14. The Strand carpark has a capacity of 161 carparks, including four mobility and four maternity carparks. Approximately 40 carparks will be retained to allow for a drop off/pick up area, and mobility and maternity carparking.

15. The current adhoc, paid public carparking area on Dive Crescent has approximately 120 carparks. The current plans for the upgraded at-grade carpark on Dive Crescent would see a total of 134 carparks created. Staff have recently requested a redesign of the area as it is believed that a number closer to 150 carparks can be achieved.
16. Additionally, developers of the large-scale project at 35 Hamilton Street have lodged consent for a building that will contain 300+ carparks of which “at least 200 public carparks” will be created. Construction on that project is planned to begin in late-2022.
17. The future pricing of carparking in the upgraded Dive Crescent carpark will be set as part of the next review of Council’s User Fees and Charges.

**Beacon Wharf renewals**

18. Beacon Wharf is currently closed, with many parts being unsafe for public use. Remediation of the wharf and reopening it to the public is seen as an opportunity to start reinvigorating the Dive Crescent area. The wharf is part of a broader suite of projects identified in this report that will make significant inroads into development plans for the entire Tauranga Waterfront area.
19. It is intended that upgrading and reopening Beacon Wharf will allow for short-term recreational boating use. When the commercial wharf undergoes planned development in future years, Beacon Wharf can also be used to temporarily accommodate commercial vessels, with any recreational use being redirected to the southern end of the Waterfront.
20. The Marine Facilities *Phase 1* work identified that upgrades to city centre waterfront wharves should support commercial and recreational outcomes in the area. There is a need for the proposed wharf use to be integrated into the adjacent land use, to ensure compatibility of uses. Issues raised through previous consultation included health and safety concerns regarding commercial and recreational uses being located in close proximity in this area.
21. Consultation with the immediately adjacent facilities will be undertaken to ensure alignment of both water-based and land-based project outcomes. The Marine Facilities Framework is currently under development to ensure access to water offerings are comprehensive and complementary across the city’s network of current and planned facilities.
22. Existing renewals budget of \$600k has been identified, but an additional \$2.6m is required to ensure the project provides the desired community recreation outcomes and is completed safely and to the standard required for both recreational and commercial watercraft use.

**Waterfront Reserve development**

23. Immediate improvements to the Waterfront Reserve are planned to enhance the existing function of the area, and ensure alignment with the planned redevelopment of the broader Civic Precinct (i.e. Te Manawataki O Te Papa). These immediate improvements include creating a large green space area with associated landscaping and community amenity (e.g. BBQs, seating, shade etc.), and relocating and enhancing both the playground and water-based play activities.
24. Investment in the waterfront reserve to upgrade it as a people-focused green space will ensure passive recreational opportunities are realised. Once the upgrades are complete, the space will be activated through temporary events that will attract families to the city centre. The green space will also support the proposed residential apartment living developments in the city centre, as a place for residents to spend time outside and connect with the city living environment.
25. The developed Waterfront area will also provide an important function over the short- to medium-term as multiple developments of size and scale unfold across the city centre. It will be important to have areas identified as “sanctuaries” – places visitors and residents can go



to get away from road cones and construction noise, to relax and recreate while the city centre grows and develops around them.

26. There are components of the proposed Waterfront Reserve development programme that were originally budgeted through the Te Manawataki O Te Papa Programme, but more closely relate to this programme of work, primarily due to timing and interconnected deliverables. The change in scope to the Te Manawataki o Te Papa Programme, identified through the Long-term Plan Amendment Deliberations - Civic Precinct Issues and Options Report, includes removing the playground and associated budget of \$8m from that programme.
27. People accessing the waterfront from outside of the city centre will be able to utilise the extended carparking space provided in the Dive Crescent area. This will add to the experience once the Cargo Shed refit is undertaken and Beacon Wharf is upgraded, allowing a pleasant experience as people transit along the waterfront adjacent to the water.

#### **Cargo Shed internal fitout**

28. The Cargo Shed located on Dive Crescent is currently undergoing seismic strengthening. Once this work is complete, the intention is to undertake a simple interior refresh to allow the building to once again be used for a wide range of community and commercial activities. Planned interior works include the installation of toilets, re-heating kitchen facilities, interior refurbishment/tidy up and safety upgrades.
29. Previously, the Cargo Shed was home to arts markets and temporary events that activated the space and the Dive Crescent area. It is envisaged that after investment in this asset, these types of activations can occur in this space again.
30. A renewals budget for an upgrade of the Cargo Shed is included in the Long-term Plan 2021-31. However, it is not adequate to ensure the refreshed facility is fit-for-purpose and additional budget of \$350K is therefore required.

#### **OPTIONS ANALYSIS**

##### **Option 1: Approve new funding to progress four Dive Crescent and Waterfront Reserve projects with urgency.**

31. Option 1 would see new funding approved so the following projects can be completed across the 2023 and 2024 financial years:
  - construction of an at-grade carpark and associated landscaping on the western/landward side of Dive Crescent;
  - the upgrade and remediation of Beacon Wharf on Dive Crescent;
  - developing the Waterfront Reserve (currently The Strand carpark) into a green space including the installation of a playground, splashpad and associated landscaping elements (e.g. paving, seating, planting etc.); and
  - the completion of the internal fitout of the Cargo Shed.

<b>Advantages</b>	<b>Disadvantages</b>
<ul style="list-style-type: none"> <li>• Allows for and signals the commencement of the central city and Tauranga Waterfront development.</li> <li>• Will provide public amenity and recreational opportunities, and a 'safe haven' within the central city whilst the Civic Precinct works are in progress.</li> </ul>	<ul style="list-style-type: none"> <li>• Negative public perception around the net loss of carparking within the central city, although this can be offset against the 200+ public carparks being included in the nearby 35 Hamilton Street development.</li> </ul>

<ul style="list-style-type: none"> <li>Enhances the northern (Dive Crescent) entrance into the central city.</li> <li>The Cargo Shed provides an additional inner-city venue for a range of community and public events, and commercial activities.</li> <li>The upgrade of Beacon Wharf provides a new recreational facility for public enjoyment and the berthage of recreational craft.</li> <li>Supports residential development in the city centre by providing more green space and public amenity.</li> <li>Responds to public submissions encouraging Council to better utilise the valuable city waterfront asset for community purposes.</li> </ul>	<ul style="list-style-type: none"> <li>Potential reputational risk as some members of the community may view these projects as unnecessary, at this point in time.</li> </ul>
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Budget – capex: The following new funding is required in financial year 2022/23:

- Dive Crescent at-grade carpark – amount required \$1.45m
- Beacon Wharf remediation and upgrade – amount required \$2.6m
- The Strand Waterfront Reserve development – amount required \$5.0m, noting the balance of funds needed to complete the project (\$7m) will need to be added into the 2023/24 financial year
- Cargo Shed interior fitout – amount required \$350k.

Total new capex required in the 2022/23 financial year is \$9.4m.

Budget – opex:

Project	Opex Annual Maintenance	Opex (financing and depreciation)	Opex Total
Dive Crescent at-grade carpark	\$10k (sweeping and landscape maintenance)	\$23k in 2023 FY, average \$70k/annum from 2024 FY onwards	\$23k in 2023 FY, average \$81k/annum from 2024 FY onwards
Beacon Wharf remediation and upgrade	\$7.5k (inspections and cleaning)	\$42k in 2023 FY, average \$177k/annum from 2024 FY onwards	\$42k in 2023 FY, average \$185k/annum from 2024 FY onwards
The Strand Waterfront Reserve development	\$150k (maintenance of playground, splash pad, mowing, gardens and structures)	\$81k in 2023 FY, average \$760k/annum from 2024 FY onwards	\$81k in 2023 FY, average \$909k/annum from 2024 FY onwards
Cargo Shed interior fitout	\$30k (including power, water, security, cleaning, certifications, inspections, and refuse)	\$6k in 2023 FY, average \$33k/annum from 2024 FY onwards	\$6k in 2023 FY, average \$67k/annum from 2024 FY onwards



Key risks: Several risks have been identified that will need to be carefully addressed and managed as these projects move through the planning, design and delivery phases, including:

- Supply chain issues resulting in a delay in the supply of specialist play equipment
- Current Covid-19 and supply chain issues impacting the price of some materials and therefore, impacting the overall project budget
- The need to engage with tangata whenua and the Otamataha Trust
- The need to quickly move from the preliminary and concept design phase to a completed detailed design for all aspects of the project
- The processing of any required consents.

Mitigations have been put in place for all known project risks, including recruitment of a specialist programme manager and dedicated project manager, to oversee and run the planned work programme.

**Recommended? YES**

**Option 2: Redevelop Dive Crescent and the Waterfront Reserve over a longer period of time**

32. Any combination of projects and delivery timeframes could be considered but ultimately, the same four projects would be delivered over a longer timeframe than proposed in Option 1.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• The funding needed and therefore the impact on ratepayers would be spread over a longer period of time.</li> <li>• Some members of the community may view this as an opportunity for Council to focus on other citywide improvements first.</li> </ul>	<ul style="list-style-type: none"> <li>• Delay in progressing the development of Dive Crescent, the central city, and Waterfront Reserve areas.</li> <li>• Delay in the realisation of the community value and benefits that can be expected as a result of the planned development.</li> <li>• Does not support residential development and living in the city centre.</li> <li>• Does not support strategic direction of providing events on the waterfront.</li> <li>• Recreational and land use integration of development is delayed and drawn out.</li> </ul>

Budget – capex: As per Option 1, but spread over to-be-agreed timeframes.

Budget – opex: As per Option 1, but starting from the time of delivery of each individual project.

Key risks: Negative public perception because the rate of Dive Crescent and Waterfront Reserve development is not as fast as proposed in Option 1.

**Recommended? NO**

**Option 3: Do not develop the Dive Crescent and/or Waterfront Reserve area**

33. This option would see no funding allocated for the development of the Dive Crescent and/or Waterfront Reserve areas.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>No financial impact on ratepayers.</li> </ul>	<ul style="list-style-type: none"> <li>Residents and visitors to Tauranga Moana would not realise the value and benefit that developing the Dive Crescent and Waterfront area would unlock.</li> <li>Some members of the community may perceive that Council is not making the most of one of its key assets, the Tauranga Waterfront.</li> <li>Health and safety concerns with closed wharves are not addressed and required additional commercial wharf capacity is not met.</li> </ul>

Budget – capex: No financial impact on ratepayers

Budget – opex: No financial impact on ratepayers

Key risks: Negative public perception because no meaningful changes or improvements have been made to the Dive Crescent and Waterfront areas in the short-term.

**Recommended? NO**

### RECOMMENDATION

34. That the Council approves the inclusion of the following budgets in the 2022/23 financial year:
- (a) \$1.45m for the Dive Crescent at-grade carpark project
  - (b) \$2.6m for the Beacon Wharf remediation and upgrade project
  - (c) \$5m for the Waterfront Reserve development project, noting the balance of funds needed to complete the project (\$7m) would need to be added to the 2023/24 financial year
  - (d) \$350K for the Cargo Shed interior fitout.

### NEXT STEPS

- 35. Include the four above-listed projects in the remit of the Public Realm and Waterfront Development Steering Group.
- 36. Progress concept designs and cost estimates to detailed design and consenting, and then deliver the four projects prior to 30 June 2023.

### SUBMISSIONS RECEIVED

Submission #: 116, 129, 276, 332, 386, 723 and 1073.

### ATTACHMENTS

Nil

**Title: Issues and options – Tourism Funding from the Airport Activity****File Number:****Author: Anne Blakeway, Manager: Community Partnerships****Authoriser: Barbara Dempsey: Acting General Manager: Community Services****ISSUE**

1. Tauranga City Airport generates approximately \$3 million surplus, which is currently used to fund capital projects at the Airport. This amount is likely to increase as a result of a resurgence in business travel post-COVID. Any unspent surplus at the airport remains within the airport finances but does have the impact of reducing overall council debt.
2. This surplus has also been used to fund \$621,000 per annum of additional funding to Tourism Bay of Plenty (TBOP) to develop and implement their destination management strategy and plan, approved by Council in the Long-term Plan 2018-2028. The Commission has recently asked TBOP for more detail on the value proposition of this investment, which they provided on 8 April 2022 and is summarised in the discussion points below.
3. We propose the establishment of a new tourism bulk fund to come out of the Airport activity. This would fund projects that have strong linkages to tourism or economic development and support the growth of the Airport activity and revenue, potentially including the continued delivery of TBOP's destination management strategy and plan.

**DISCUSSION AND ANALYSIS**

4. In 2018 Tourism Bay of Plenty (TBOP) made a submission to Tauranga City Council's (TCC) Long-term Plan (LTP) for additional funding to enable it to take a more focussed, long-term approach to managing the impact of tourism on the region. This included negative perceptions, community well-being, the environment and the quality of the visitor experience.
5. In its adoption of the Long-Term Plan 2018-2028, Council approved  
*"\$621,000 of additional investment per annum to Tourism Bay of Plenty for destination management with funding for 2018/19 to be taken from the airport activity, reverting to 100% economic development targeted rate funding unless alternatives are found in years 2-10."*
6. Staff were directed  
*"to explore alternative funding mechanisms specific to the visitor economy and destination management for the 2019/2020 Annual Plan".*
7. Following an initial assessment by staff in August 2019 of the extent to which the 'beneficiary pays' in relation to tourism funding, it was found that:  
*"Funding Tourism Bay of Plenty predominantly through the Economic Development rate was largely a 'well-allocated' and efficient way to fund the majority of their costs. The additional costs of their new Destination Management approach are funded from airport revenues, which brings in a user-pays component. They also receive revenues from cruise ship tour operators and tourism experience providers."*
8. And that:  
*"Initial analysis of an accommodation levy suggested that projected revenues would potentially not warrant the administrative burden and that it may have unintended impacts on the visitor economy and the housing market. Options for charging cruise ships more directly have also been given initial consideration."*

Source: [Local Government Funding and Financing – Response to Productivity Commission Draft Report](#) (DC257 - Policy Committee, 20 August 2019.)

**Importance of funding to support a destination management approach**

9. Based on Council's approval of funding in 2018, TBOP developed a ten-year programme of activity during which they would develop and implement a new community-led Destination Management Plan for the region, subsequently known as [Te Hā Tāpoi – The Love of Tourism](#).
10. The strategy takes a long-term view and has a regenerative focus that is predicated on delivery in and across four key pillars that comprise the region's unique DNA. These are: (1) horticultural provenance, (2) ocean and beaches, (3) Māori culture, and (4) natural environment. The strategy is further supported by the establishment of an independent Leadership Advisory Group.
11. Today, the funding directly supports the employment of four specific full-time roles and three part-time contractor roles (making up 41% of TBOP's workforce, excluding i-SITE staff, that enable TBOP to focus on identifying, enabling and delivering on destination management projects and outcomes for stakeholders and the region.
12. To mitigate the impact of the recent COVID-19 pandemic on travel and tourism, the Ministry of Business, Innovation and Employment (MBIE) provided funding to all Regional Tourism Organisations in FYE 2021 and FYE2022. This funding has enabled TBOP to fast track and amplify their destination management activity, while also enabling increased domestic marketing during the pandemic.
13. This funding was contingent on no reduction in the baseline funding from TBOP's stakeholder councils, and the funding has a "use by" date of December 2022. This means that should TCC withdraw the \$621,000 of additional funding, combined with no continued MBIE funding, TBOP's total funding would reduce by 45% (excluding the separate i-SITE funding). This is a significant reduction and would severely impact TBOP's ability to operate.
14. TBOP would have to revert back to the short-term focused operating model of 2017, and an approach that only considers the economic impacts of tourism and disregards the potential harm to the environment and the community (as well as the potential wider benefits it can bring.) This would include disengaging from numerous stakeholder programmes, Iwi collaborations and building industry capability.
15. To be effective, funding for a Destination Management Organisation is 0.21% of visitor spend (FreshInfo, 2018). In FYE 2018, TBOP was funded 0.13% of visitor spend. Following Council approval in the LTP, this increased to 0.20% in FYE2019 to bring TBOP to just under the national benchmark for funding.
16. TBOP is seen to be a leader in its destination management approach and is at the stage of delivering on actions within its Destination Management Plan. MBIE now requires other Regional Tourism Organisations to develop and implement similar destination management plans. Tourism Minister, Stuart Nash, recently noted the need for the tourism industry to "*prioritise regenerative practices*" (25 March 2022, University of Otago.)
17. But destination management is not a one-off activity. It is a long-term approach, that requires time and continued investment to be successful, particularly now that the borders are re-opening and international visitors are returning.

**The proposed tourism bulk fund**

18. Tauranga City Airport generates approximately \$3 million surplus, which is currently used to fund debt, capital projects at the Airport and the delivery of TBOP's destination management strategy and plan.
19. The last few weeks has seen a significant increase in confidence in domestic travel generally, demonstrated by a resurgence in business travel in particular. This is likely to continue in the coming months and years.
20. The Airport activity could comfortably support the establishment of a new "tourism bulk fund" of \$1 million. This would fund projects that have strong linkages to tourism or economic development and support the growth of the Airport activity and revenue.

21. The principle of the proposed fund would be to fund ongoing opex incrementally (rather than reducing already existing funding), as there would be a need to demonstrate some obvious deliverables, while also ensuring that we don't set up projects to fail later down the line. Examples might include contributing to a domestic or international marketing campaign for a CBD Hotel, or key exhibitions and/or marketing budget at the Art Gallery/Museum/Exhibition Centre.
22. Allocation of the fund would be based on provision of a good business case, supporting projects that demonstrate a high value proposition. There would be a robust allocation process, based on a set of criteria including increased GDP, increased visitor nights, and demonstrable cultural and environmental benefits, including offsetting carbon emissions etc.
23. It is proposed that a bulk fund of \$1 million is initially set up in the 2022/2023 financial year, with an opportunity to increase or decrease the fund, depending on the number of opportunities coming through. The fund would be capped at a maximum of 30% of the Airport surplus, enabling at least 70% of surplus to be put back into Airport capital projects.
24. Once the fund is established, staff could explore partnership opportunities with external funding organisations to create a bigger pool of funding should this continue in future years.
25. For the 2022/2023 financial year, it is recommended that \$621,000 of this new fund is allocated towards continued funding for the implementation of TBOP's destination management strategy, with some clearly measurable deliverables that would be included in TBOP's Statement of Intent.
26. The remaining balance of \$379,000 would go towards funding beautification projects across key tourism hotspots/gateways, e.g. Mount North and Tauranga CBD.
27. Going forwards, we would take direction from the Commissioners regarding the inclusion of \$1 million per annum from the Airport activity to be allocated appropriately every year through the 2023/2024 Annual Plan and Long-term Plan 2024-2034 process for projects that have strong linkages to tourism or economic development and support the growth of Airport activity and revenue – which might include the continued delivery of TBOP's Destination Management Plan.

#### OPTIONS ANALYSIS

**Option 1: Establish a tourism fund of \$1 million to come out of the Airport activity and provide additional funding of \$621,000 to Tourism Bay of Plenty in the 2022/2023 financial year.**

28. Establish a tourism fund for projects that have strong linkages to tourism or economic development and support the growth of airport activity and revenue.
29. Allocate \$621,000 to Tourism Bay of Plenty in the 2022/2023 financial year for continued delivery of their Destination Management Plan.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Supports the growth of airport activity and revenue.</li> <li>• Supports the growth of tourism, economic development and CBD activation post-COVID.</li> <li>• Supports an alternative, innovative funding model for high value tourism projects that takes some of the burden off ratepayers.</li> <li>• Demonstrates Council's trust and confidence in the ability of TBOP, our council-controlled organisation, to</li> </ul>	<ul style="list-style-type: none"> <li>• Potentially less surplus available for airport capital projects.</li> <li>• Council debt would be higher by the amount of this surplus spent.</li> </ul>

<p>deliver on its destination management strategy and plan.</p> <ul style="list-style-type: none"> <li>• Supports the direction of central government in terms of a destination management approach.</li> <li>• Takes a long-term view and has a regenerative tourism focus.</li> <li>• Potentially enables TBOP to access central government funding in future, with the key funder having “skin in the game”.</li> </ul>	
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Budget – Capex: Nil

Budget – Opex: \$1 million

Key risks: Potential downturn in Airport revenue due to unforeseen circumstances, including another pandemic, which can be mitigated by maintaining a flexible approach to the amount of funding available.

Recommended? **Yes**

**Option 2: Retain the status quo**

30. Do not establish a tourism fund to come out of the Airport activity.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Potentially more surplus available for airport capital projects and to fund debt.</li> </ul>	<ul style="list-style-type: none"> <li>• Does not provide an alternative, innovative funding model for other high value tourism projects, that takes some of the burden off ratepayers while supporting the growth of airport activity and revenue.</li> <li>• Does not support the growth of tourism, economic development and CBD activation post-COVID.</li> </ul>

Budget – Capex: Nil

Budget – Opex: Nil

Key risks: Lost opportunity costs.

Recommended? No

**Option 3: Establish a tourism fund of \$1 million per annum to come out of the Airport activity but do not continue to provide additional funding to Tourism Bay of Plenty in the 2022/2023 financial year**

31. Establish a tourism fund for projects that have strong linkages to tourism, economic development and CBD activation, while supporting the growth of Airport activity and revenue.
32. Do not allocate \$621,000 to Tourism Bay of Plenty in the 2022/2023 financial year for continued delivery of their Destination Management Plan.

Advantages	Disadvantages
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<ul style="list-style-type: none"> <li>• Supports the growth of airport activity and revenue.</li> <li>• Supports the growth of tourism and economic development post-COVID.</li> <li>• Supports an alternative, innovative funding model for high value tourism projects, that takes some of the burden off ratepayers.</li> </ul>	<ul style="list-style-type: none"> <li>• Potentially less surplus available for airport capital projects.</li> <li>• Council debt would be higher by the amount of this surplus spent.</li> <li>• Damages Council's relationships with its council-controlled organisation, TBOP.</li> <li>• Potentially damages Council's relationship with MBIE.</li> <li>• Puts TBOP significantly under the national benchmark for funding of 0.21% of visitor spend, setting TBOP back 5 years.</li> <li>• Does not enable TBOP to deliver on its destination management strategy and plan and continue to be a national leader.</li> <li>• Does not support the direction of central government in terms of a destination management approach.</li> <li>• Does not take a long-term view or a regenerative tourism focus.</li> <li>• There is a risk that TBOP is not able to access central government funding in future, with its key funder not having "skin in the game".</li> </ul>
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Budget – Capex: Nil

Budget – Opex: \$1 million

Key risks: Reputational damage between TCC and TBOP. Puts TBOP's funding from MBIE at risk, as the funding provided was contingent on no reduction in the baseline funding from TBOP's stakeholder councils. Potential downturn in Airport revenue due to unforeseen circumstances, including another pandemic, which can be mitigated by maintaining a flexible approach to the amount of funding available.

Recommended? No

#### RECOMMENDATION

33. That Council establishes a tourism fund of \$1 million to come out of the Airport reserves in the 2022/2023 financial year.
34. \$621,000 of the fund would be allocated towards continued funding for the implementation/delivery of Tourism Bay of Plenty's destination management strategy, with some clearly measurable deliverables.
35. The remaining balance of \$379,000 would go towards funding beautification projects across key tourism hotspots/gateway and tourism activation, e.g. Mount North and Tauranga CBD, including \$68,000 to be allocated to the Tauranga Art Gallery to contribute towards programme and exhibition costs for 2022/2023 (see *Issues and Options – Tauranga Art Gallery Funding*.)

#### NEXT STEPS

36. Following Council approval, staff would work on a robust framework and process for the allocation of the new tourism bulk fund of \$1 million.

37. Staff would work with Tourism Bay of Plenty on the development of some clearly measurable deliverables in conjunction with the finalisation of their Statement of Intent 2022-2025.

#### **ATTACHMENTS**

**Nil**



**Title: Issues and options – Tauranga Art Gallery Funding****File Number:****Author: James Wilson, Manager: Arts and Culture and Anne Blakeway, Manager: Community Partnerships****Authoriser: Barbara Dempsey: Acting General Manager: Community Services****ISSUE**

1. Tauranga Art Gallery has requested an increase to its operating grant for the 2022/23 financial year of \$134,440 and a contribution to the programming of exhibitions of \$68,000. This is a total request of \$202,440, which represents a 17% increase to the funding that Council provides to the gallery.

**DISCUSSION AND ANALYSIS**

2. Tauranga Art Gallery operates a model where baseline funding from Tauranga City Council contributes approximately 80% of the Gallery's operational expenditure. Tauranga Art Gallery fundraises for the balance of operational costs, as well as for the full costs of the exhibition programme. This fundraising is sought annually from a range of sources, including contestable community funding, gaming trusts, private philanthropy, and commercial sponsorship. The Gallery generates a modest revenue from providing goods and services, such as venue hire and retail.
3. The arts sector has been significantly impacted by COVID-19, with the Gallery experiencing a range of challenges as a result of the pandemic. Visitor numbers have been severely reduced due to lockdowns and the time spent at the red setting of the COVID-19 alert framework. Domestic tourism has been limited and international visitors have completely stopped due to closed borders. In addition, the Gallery has experienced reduced foot traffic as a result of the ongoing capital programme taking place in the CBD and subsequent road closures/changes, as well as the recent spate of anti-social behaviour at the Willow Street bus interchange.
4. Funding available to the arts sector has been significantly compromised by COVID-19. With hospitality closed for long periods, funding available from gaming trusts has reduced dramatically, with some trusts closing their grant making programmes indefinitely. Funding that was previously available to the arts sector has in many cases been repurposed or prioritised towards supporting the immediate frontline impacts of COVID-19. The market for commercial sponsorship is also impacted by the forecast economic downturn. The rise in inflation has compounded the situation for the Gallery, as the not-for-profit sector has been hit with rising operating costs and diminished revenues.
5. Tauranga Art Gallery have noted in their submission that their current revenue model was 'manageable in a positive and buoyant economy'. However, the current environment means that the gap between the Gallery's baseline funding and the cost of its core activities is widening, with the trend forecast to continue for several years. The impact of this is an increased demand on management time and resource spent on fundraising and cost reduction activities at the expense of core services.
6. The Gallery request for increased funding is intended to drive the Gallery towards a more sustainable financial footing, reducing its reliance on contestable funding to meet overheads. The increase will enable the Gallery to maintain essential staff levels, including resource and expertise in fundraising and business development. The Gallery's programme of regular building maintenance will be able to be delivered rather than deferred, and the Gallery will be able to lift its planning horizon, ultimately enabling stronger programming and improved delivery to the community.
7. Tauranga Art Gallery board and management have demonstrated a commitment to transitioning the Gallery into a more modern, efficient, and commercially astute organisation. This plan sees the Gallery investing in business administration and services and implementing

much needed improvements in areas such as resource planning, financial and performance reporting, HR systems, policies, and processes. The Gallery has commenced work to improve insight into visitor data, identifying opportunities for audience growth and for increasing revenue from private giving.

8. The Gallery's submission notes that there is a precedent for public art galleries across Aotearoa to have the basic costs associated with exhibition programmes covered by their core funder. The Gallery notes that this is considered 'core business' by its board and management. Public galleries in Auckland, Wellington, Christchurch, and Dunedin all devote a significant portion of core local authority funding to the base costs of their exhibition programmes. Staff note that whilst there is precedent for this approach, this would represent a change to the funding model of Tauranga Art Gallery, where Tauranga City Council operational funding has not been used towards exhibition funding. In previous years, Tauranga City Council has made exhibition funding available to the Gallery through a separate funding arrangement in cases where an exhibition programme has demonstrated a compelling community benefit. Examples of this include the Mr. G "Home" exhibition in 2019/20 and the "Paradox" exhibition in 2017.
9. Tauranga City Council approved an increase in funding to the Gallery in the 2021-2031 Long-term Plan, with new funding of \$150,000 enabling the creation of the business development manager position and the development of an offsite education programme to address increased demand from local schools. Staff note the recent appointment of a business development manager has increased the Gallery's capacity to design and implement new revenue opportunities. The return on this investment however is mid-long term, and the Gallery is yet to benefit from new revenue driven by the role.
10. Staff note that whilst the Gallery has been operating in a very difficult environment, the public facing programmes have continued to deliver high quality arts experiences to the Tauranga community in an accessible and engaging manner. Recent highlights include the *Mānawatia Takatāpui / Defending Plurality* exhibition, giving visibility and prominence to a range of LGBTQI+ practitioners, and *In the wake: Rena 10 years on*, an exhibition marking an event with significant environmental impact on the Bay of Plenty and presenting reflections on the larger impact of the global shipping industry. Both these exhibitions demonstrate Tauranga Art Gallery's commitment to bold programming with specific relevance to Tauranga and the wider Bay of Plenty. The Gallery continues to play a significant role in developing Tauranga's reputation as a creative city, with prestigious awards such as the Rydal Art Prize and the Miles Arts Award cementing the Gallery's position as a gallery of national significance. The recent appointment of internationally renowned curator, Serena Bentley, is testament to the Gallery's ability to attract experienced arts professionals to Tauranga.
11. A recent analysis of Social Return on Investment of the Art Gallery was undertaken in June 2021 by the economic research consultancy, Fresh Info. The study noted that the Gallery provides a range of user benefits to residents of Tauranga, with free access to high quality in-person and digital art experiences, alongside education and community programmes. Fresh Info calculated that the Tauranga Art Gallery delivers a net economic benefit to Tauranga City of \$132,000. This represents a benefit-cost ratio of 1.11, or a return of \$111 for every \$100 spent on the Gallery. The study noted that this result was impacted by COVID-19, with a prior year's cost benefit analysis conducted for the year ending June 2019 reporting a net economic benefit of \$207,000, or a benefit-cost ratio of 1.14.

#### OPTIONS ANALYSIS

**Option 1: Approve a one off additional operating grant of \$202,440 to the Tauranga Art Gallery in the Annual Plan 2022/2023.**

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Supports the recovery of arts and culture post-COVID.</li> <li>Demonstrates Council's trust and confidence in the ability of Tauranga Art</li> </ul>	<ul style="list-style-type: none"> <li>Impact on rates of \$202,440.</li> </ul>

<p>Gallery, our council-controlled organisation, to deliver on its strategic plan, which in turn is likely to build momentum and confidence with other funders.</p> <ul style="list-style-type: none"> <li>• De-risks the Art Gallery's operations, enabling the Gallery to focus on securing new revenue and raising the planning horizon for programming.</li> <li>• Enables the Gallery to allocate a contribution of funding towards exhibition costs, enabling stronger programming outcomes for the community.</li> </ul>	<ul style="list-style-type: none"> <li>• Creates a precedent of Tauranga City Council contributing funding towards exhibition costs.</li> </ul>
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Budget – Capex: Nil

Budget – Opex: \$202,440

Key risks:

Recommended? **No**

**Option 2: Retain the status quo - Do not approve a one off additional operating grant of \$202,440 to the Tauranga Art Gallery in the Annual Plan 2022/2023.**

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• No impact on rates.</li> </ul>	<ul style="list-style-type: none"> <li>• Does not support the recovery of arts and culture post-COVID.</li> <li>• Does not demonstrate Council's trust and confidence in the ability of Tauranga Art Gallery, our council-controlled organisation, to deliver on its strategic plan.</li> <li>• Negatively impacts on TCC's relationship with Tauranga Art Gallery.</li> <li>• Compromises the Gallery's ability to deliver core programme and services.</li> <li>• Increases the gap between core opex funding and operational costs.</li> </ul>

Budget – Capex: Nil

Budget – Opex: Nil

Key risks: Reputational damage between TCC and Tauranga Art Gallery Trust Board. Compromises Tauranga Art Gallery's capacity to attract talent and pay the Living Wage. Shows less support to the Art Gallery than we have shown to our other CCOs, in particular Bay Venues, as a result of the impact of COVID-19 and the current economic environment.

Recommended? **No**

**Option 3: Approve a one-off increase to the operating grant of \$134,440 in the Annual Plan 2022/23, contributing to operational expenses but not programme and exhibition costs.**

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Supports the recovery of arts and culture post-COVID.</li> <li>• Demonstrates Council's trust and confidence in the ability of Tauranga Art Gallery, our council-controlled organisation, to deliver on its strategic plan, which in turn is likely to build momentum and confidence with other funders.</li> <li>• De-risks the Art Gallery's operations, enabling the Gallery to focus on securing new revenue and improving business capacity.</li> </ul>	<ul style="list-style-type: none"> <li>• Impact on rates of \$134,440.</li> <li>• Puts at risk the Tauranga Art Gallery's ability to deliver high quality programmes and exhibitions.</li> </ul>

Budget – Capex: Nil

Budget – Opex: \$134,440

Key risks: Compromises Tauranga Art Gallery's capacity to deliver high quality programmes and exhibitions.

Recommended? **No**

**Option 4: Approve a one-off increase to the operating grant of \$68,000 in the Annual Plan 2022/23 from the proposed new tourism fund coming out of the Airport reserves (see *Issues & Options – Tourism Funding from the Airport Activity*). This would contribute to programme and exhibition costs to activate the CBD, but not operational expenses.**

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• No impact on rates, as the funding will come out of the Airport activity.</li> <li>• Contributes to the activation of the CBD and to tourism opportunities.</li> <li>• Supports the recovery of arts, culture, and tourism post-COVID, albeit to a lesser extent than if additional operating funding were provided.</li> <li>• Supports the national precedent for public art galleries across Aotearoa to have the basic costs associated with exhibition programmes covered by their core funder.</li> <li>• Enables the Gallery to allocate extra funding towards exhibition costs, enabling stronger programming outcomes for the community.</li> </ul>	<ul style="list-style-type: none"> <li>• Puts at risk the Tauranga Art Gallery's ability to meet its operating costs, and ability to attract talent and pay the Living Wage.</li> <li>• The Gallery will still need to focus on securing new revenue and improving business capacity, taking time away from their core business.</li> </ul>

Budget – Capex: Nil

Budget – Opex: \$68,000 (coming out of the proposed Airport reserves new tourism fund)

Key risks: Reputational damage between TCC and Tauranga Art Gallery Trust Board. Creates a precedent of Tauranga City Council contributing funding towards exhibition costs.

Recommended? **Yes**

#### **RECOMMENDATION**

12. That Council approves a one-off increase to the operating grant of Tauranga Art Gallery of \$68,000 in the Annual Plan 2022/23 to come out of the Airport activity, contributing to programme and exhibition costs to activate the CBD and tourism opportunities.

#### **NEXT STEPS**

13. Following Council approval of the \$68,000 towards programme and exhibition costs, staff will work with the Gallery Director on some key deliverables connected to activating the CBD and tourism opportunities.
14. Staff will also work with the Gallery Director and Business Manager to help them try and identify alternative funding sources for their operating costs.

#### **SUBMISSIONS RECIEVED**

Submission #: N/A

#### **ATTACHMENTS**

**Nil**

**Title: Issues and options – Community Grant Fund and Partnership Agreements****File Number:****Author: Anne Blakeway, Manager: Community Partnerships and Richard Butler, Funding Specialist****Authoriser: Barbara Dempsey: Acting General Manager: Community Services****ISSUE**

1. Established as part of the Long-term Plan 2021-2031, the Community Grant Fund has been running for almost a year and is so successful that it is continuously over-subscribed.
2. This is in part due to the impact of COVID-19, with the community sector experiencing a range of challenges as a result of the pandemic. It is also partly due to the significant growth in the number of community organisations, many of which achieve great outcomes for the community.
3. Five community organisations: Good Neighbour Aotearoa Trust, Mental Health Solutions (*Here to Help U*), Tauranga Community Food Bank, Socialink and Envirohub have requested a total of \$390,000 in partnership agreements for the financial years 2022/23 and 2023/24.

**DISCUSSION AND ANALYSIS**

4. The Long-term Plan 2021-2031 (LTP) included a proposal to establish a new grant fund to support community organisations for either one-off projects through a contestable grants fund, or to enable longer-term partnerships through multi-year partnership agreements.
5. The new “bulk fund” was in addition to Council’s existing Match Fund. Both funds would be guided by the new [Community Funding Policy](#), which was developed to ensure robust and transparent administration and distribution of the fund and was adopted by Council on 26 July 2021 following consultation through the LTP process.
6. A Community Grant Fund of \$1.81 million per annum for the next three years was established through the LTP. The approved level of funding equalled the value of community support TCC provided to community groups by way of direct grants in 2020/2021.
7. Over one third of this budget (\$596,000 in 2022/23 and \$706,000 in 2023/24) was already committed to two established and significant arts and culture partnership agreements with The Incubator and The Elms.
8. At the Council meeting on 12 July 2021, when the Community Funding Policy was adopted, it was noted that depending on the number of applications sought, the total amount of budget allocated to support the community grant fund and partnership agreements may need to be adjusted in future years through subsequent annual plan or long-term plan processes.
9. A commitment was made to review the policy after its first year of operation. This review will be undertaken in the first half of the 2022/2023 financial year.

**Community Grant Fund**

10. Tauranga City Council (TCC) held its first contestable community grant fund round in October 2021, receiving 57 applications totalling \$2,119,339. The assessment panel allocated \$914,775 in funding to 25 of the applicants.
11. The assessment panel identified the Good Neighbour Aotearoa Trust, Mental Health Solutions (*Here to Help U*), Tauranga Community Food Bank, and Envirohub as potential candidates for partnership agreements and staff commenced discussions with all of these groups.
12. Socialink were unsuccessful with their application in the first round of the Community Grant Fund, but were instead provided with a one off contract of \$12,500 to come out of the Community Partnerships team budget, to build the capability to support grant applicants.

Socialink has requested via the Annual Plan submissions process to be included in a partnership agreement of \$100,000 per annum with TCC, it is considered that Council provide a smaller partnership agreement of \$50,000 with Socialink, or extend and expand the existing contract in the 2022/2023 financial year through the Community Partnerships opex budget, with a view to potentially moving towards a multi-year partnership agreement in the future.

13. Demand for community grants and new partnership agreements continues to be high. In the second round of the Community Grant Fund, which closed in April, we had 47 applications, totalling \$1,279,607 for the remaining grant funds available of \$445,793.
14. It should be noted that the \$1.81 million Community Grant Fund is just a small percentage of the overall community support provided by TCC, with the total amount for the financial year 2021/2022 exceeding \$32.8 million.

Funding the three council-controlled organisations (Bay Venues, Tourism Bay of Plenty and Tauranga Art Gallery), the four mainstreet organisations, and the costs for staff time make up \$19.2 million of this total.

The remaining \$13.6 million of community support, including grants or income foregone, can be broken down into the following activity areas (Table 1):

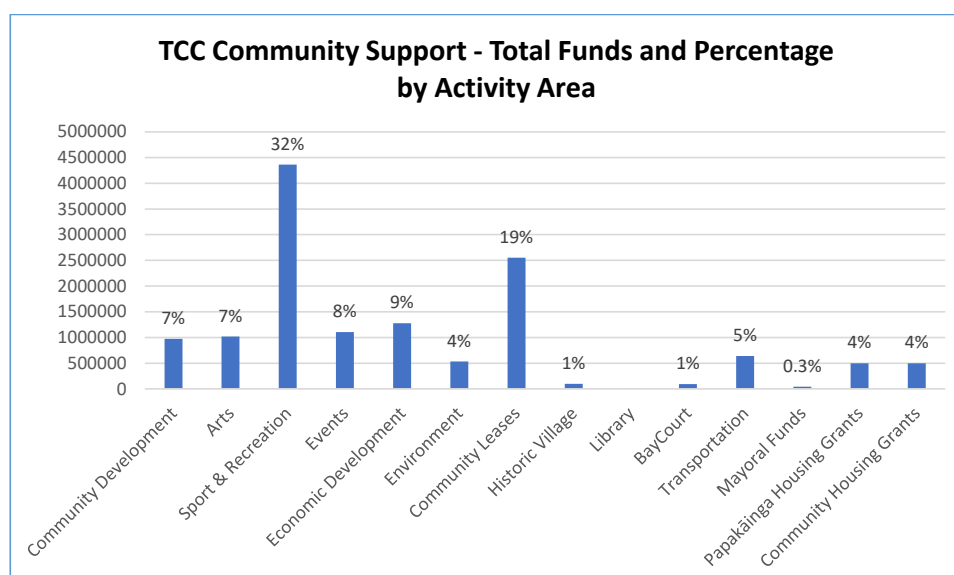


Table 1: Community Support by Activity Area

#### Partnership Agreements

15. The Community Funding Policy indicated that partnership agreements are reserved for select community organisations where Council wants to build and maintain positive relationships that support delivery of the four well-beings and contribute to positive community outcomes. Partnership agreements provide operational funding and are intended to be multi-year, e.g. three years. Obviously the more multi-year agreements that are put in place, the more funding for new initiatives will be reduced in future years.
16. The following organisations have requested Partnership Agreements with TCC, with further detail on their proposed objectives provided in Attachment 1:

Organisation	Funding support provided by TCC in 2021/2022	Partnership Agreement requested	Approx. Impact on Rates
<b>Good Neighbour Aotearoa Trust</b>	Community Grant \$50,000 Match Fund Medium Grant \$9,115 Resource Wise Community Grant \$18,000	\$50,000 per annum	0.02%
<b>Here To Help U</b>	Community Grant \$33,500	\$80,000 per annum	0.03%
<b>Socialink</b>	\$12,000 contract to provide support to grant applicants	\$100,000* per annum * see paragraph 12	0.04%
<b>Tauranga Community Foodbank</b>	Community Grant \$50,000	\$60,000 per annum	0.03%
<b>Envirohub BOP</b>	Community Grant \$50,000 Resource Wise Community Grant \$18,000	\$100,000 per annum	0.04%
<b>TOTAL</b>		<b>\$390,000 per annum</b>	<b>0.16%</b>

#### OPTIONS ANALYSIS

**Option 1: Approve additional opex budget of \$340,000 in the Annual Plan 2022/2023 to fund five partnership agreements for one year.**

17. This would include \$50,000 for Good Neighbour Aotearoa Trust, \$80,000 for Here to Help U, \$60,000 for Tauranga Community Food Bank, \$100,000 for Envirohub and \$50,000 for Socialink.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Supports the social and environmental sectors post COVID.</li> <li>Demonstrates Council's trust and confidence in the ability of these community organisations to help Council deliver on its community outcomes.</li> <li>De-risks the operations of the five community organisations, enabling them to focus on delivering community outcomes.</li> </ul>	<ul style="list-style-type: none"> <li>Impact on rates of \$340,000 - or an additional 0.14% in total.</li> </ul>

Budget – Capex: Nil

Budget – Opex: \$340,000

Key risks: Staff would need to continue to work with all five community organisations, to ensure that there are some clear Key Performance Indicators (KPIs) in place within the Partnership Agreement, and that the organisations all continue to deliver on community outcomes.

Recommended? **Yes**



**Option 2: Approve additional opex budget of \$390,000 in the Annual Plan 2022/2023 to fund five partnership agreements for one year.**

18. This would include \$50,000 for Good Neighbour Aotearoa Trust, \$80,000 for Here to Help U, \$100,000 for Socialink, \$60,000 for Tauranga Community Food Bank, and \$100,000 for Envirohub.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Supports the social and environmental sectors post COVID.</li> <li>Demonstrates Council's trust and confidence in the ability of these community organisations to help Council deliver on its community outcomes.</li> <li>De-risks the operations of the five community organisations, enabling them to focus on delivering community outcomes.</li> </ul>	<ul style="list-style-type: none"> <li>Impact on rates of \$390,000 - or an additional 0.16% in total.</li> <li>Does not provide staff with an opportunity to work with Socialink on addressing performance issues before moving towards a multi-year partnership agreement in the future.</li> </ul>

Budget – Capex: Nil

Budget – Opex: \$390,000

Key risks: Staff would need to continue to work with all five community organisations, to ensure that there are some clear Key Performance Indicators (KPIs) in place within the Partnership Agreement, and that the organisations all continue to deliver on community outcomes.

Recommended? **No**

**Option 3: Retain the status quo**

19. Do not approve additional opex budget of \$390,000 in the Annual Plan 2022/2023 to fund five partnership agreements.
20. The five community organisations would need to re-apply for one-off community grant funding through the next contestable round in September 2022.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>No impact on rates.</li> </ul>	<ul style="list-style-type: none"> <li>Does not provide support to the social and environmental sectors post COVID.</li> <li>Compromises the ability of these community organisations to help Council deliver on its community outcomes.</li> <li>Negatively impacts on TCC's relationship with the five community organisations.</li> </ul>

Budget – Capex: Nil

Budget – Opex: Nil

Key risks: Reputational damage between TCC and Good Neighbour Aotearoa Trust, Here to Help U, Socialink, Tauranga Community Food Bank, and Envirohub.

Recommended? **No**

21. A fourth option might be to part fund one or all of the community organisations through smaller partnership agreements.

#### RECOMMENDATION

22. That Council approves additional opex of \$340,000 to be included in the Annual Plan 2022/2023 to fund the following five partnership agreements:
- Good Neighbour Aotearoa Trust \$50,000
  - Here to Help U \$80,000
  - Tauranga Community Food Bank \$60,000
  - Envirohub \$100,000
  - Socialink \$50,000

#### NEXT STEPS

23. Should the additional funding be confirmed through the Annual Plan process, partnership agreements will be established with Good Neighbour Aotearoa Trust, Here to Help U, Tauranga Community Food Bank, Envirohub and Socialink.
24. Going forwards, we would take direction from the Commissioners regarding the inclusion of \$290,000 to fund the five partnership agreements for another year through the 2023/2024 Annual Plan process.
25. Now that we have a better understanding of community need and interest following the first two rounds of the Community Grant Fund, the next steps would be to review the Community Funding Policy as part of a comprehensive review of Council's wider funding framework. This would ensure that multi-year partnership agreements come through the Long-term Plan process in future.
- Such a review might consider, *inter alia*, options for specific funds to support Māori outcomes and marae development, rental subsidies and leases, and other Council grant funds (e.g. Event Funding Framework).

#### SUBMISSIONS RECEIVED

Submission #: 855 Liz Davies (Socialink)

#### ATTACHMENTS

**Attachment 1 - Community Grant Fund - Requested Partnership Agreements - A13449121**

Attachment 1

## **ANNUAL PLAN 2022/2023 - REQUESTED PARTNERSHIP AGREEMENTS**

### **Good Neighbour Aotearoa Trust**

Good Neighbour's purpose is to provide practical opportunities for people to connect and support one another so that lives, neighbourhoods and communities are transformed. They assist the community by providing a hand up, not a handout, to those who require assistance, meeting people at their starting point and walking alongside for the journey.

#### TCC Support in 2021/22:

Community Grant \$50,000, Match Fund Medium Grant \$9,115, Resource Wise Community Grant \$18,000.

#### Partnership Agreement Requested:

\$50,000 per annum for the 2022/23 and 2023/24 years.

#### Proposed objectives:

- To collaborate with Tauranga City Council teams to ensure the community needs are met by providing a connection between local government and the community.
- To work closely with Tauranga City Council to provide volunteer opportunities for staff to give back to the community. We have been overwhelmed with the response from TCC staff to our call for volunteers to pack COVID Kai boxes.
- To be an integral part of the Food Security Plan implementation in our city. To see the most vulnerable having access to food and help in a way that is mana enhancing - a hand up, not a handout.

### **Mental Health Solutions (Here To Help U)**

'Here to help u' ([www.heretohelpu.nz](http://www.heretohelpu.nz)) has transformed the way whānau access wellbeing and social support. It's a full end-to-end tech system that includes a provider portal that enables services to work in a joined up way to meet the wide range of needs of whānau. 'Here to help u' ensures getting and accessing help is easy and equitable. It removes the stress, whakamā and barriers that exist when using traditional support systems and approaches. The tool is available (at no cost) for providers to use, giving them access to a smart digital system for accepting and completing help requests. It facilitates collective and efficient provider response that meets the wide needs of whānau and community. We have spent the last 12 months establishing 'Here to help u' into the Tauranga community. The plan for the following 12 months is to grow the provider base, referrer network and public awareness of the tool.

#### TCC Support in 2021/22:

Community Grant \$33,500.

#### Partnership Agreement Requested:

\$80,000 per annum for the 2022/23 and 2023/24 years.

#### Proposed Objectives:

- Further strengthen collaboration and relationship with Tauranga City Council and key service areas of Council. We want to work closer with Tauranga City Council to assist in meeting the health, wellbeing and service goals of both entities. This will include developing strong working relationships with Council staff that hold Civil Defence roles,

## Attachment 1

working further with Service Centre/Hub staff and Library staff to support them to refer people and whānau needing wellbeing support to 'Here to help u' - giving Council staff the reassurance that local people in need will get the right support at the right time.

- Increase the number of providers onboarded and actively using 'Here to help u' to support the community.
- Grow the awareness of 'Here to help u' as an easy-to-use, highly accessible and responsive tool for all people and whānau to access wellbeing support.
- Increase the use of 'Here to help u' across the Tauranga community, including through referrals and partnerships with local Iwi, Māori providers, Pasifika providers, low-decile schools, kura, kohanga.
- Continue to enhance and develop the tech to meet evolving provider needs.
- Support providers to do their important mahi through ongoing advocacy and an annual hui.

**Social Sector Innovation WBOP Charitable Trust (Socialink)**

Socialink was established in 2012 following broad discussions with the wider network of social organisations in the Western Bay of Plenty. The sector sought a vehicle to facilitate capability and capacity building within the sector, to provide a collective social sector voice and become more connected to and valued in community, city and regional decision making. In most other sectors there exists an umbrella organisation that works with the sector – building, growing, supporting and advocating. Just as Priority One and the Chamber of Commerce is to the economic sector, and Sport BOP is to the sporting sector, Socialink aims to play a similar role for the social sector.

TCC Support in 2021/22:

\$12,000 contract to provide support to grant applicants

Partnership Agreement Requested:

\$100,000 per annum for the 2022/23 and 2023/24 years

Proposed objectives:

- To improve the capability of the social and community sector workforce to deliver services to communities to better contribute to Tauranga City Council community outcomes and to foster workforce wellbeing and connection.
- To improve insight into local social issues over time to inform Tauranga City Council strategies, plans and policies as well as provide input into Tauranga City Council plans, projects, strategies and policies from a social sector or social wellbeing lens.

**Tauranga Community Foodbank**

The Tauranga Community Foodbank's objective is to support the people of the greater Tauranga region who need immediate help by providing them with food and other household items. They do this by establishing and maintaining an organisation and centre for the collection, storage and distributions of foodstuffs to community members in need.

TCC Support in 2021/22:

Community Grant \$50,000

Partnership Requested:

## Attachment 1

\$60,000 per annum for the 2022/23 and 2023/24 years

Proposed objectives:

- Continue to maintain strong relationships with referral agents and seek to build new relationships in order to ensure that our services are accessible to all people within our community.
- Actively engage in collaborative efforts to promote food security in our region. This includes: (a) ongoing involvement with the WBOP Food Security Plan working group, (b) continued active participation with Tauranga City Council, Good Neighbour and other parties regarding a potential Tauranga Food Security Hub, and (c) continued development of relationships with Good Neighbour and local businesses to divert food waste from landfill.
- Continue to ensure that clients demonstrating a high need for our services (i.e. more than four parcels in a 12 month period) attend a session with an approved and qualified budget advisor. It is vital to encourage people to work to improve their situation, rather than to rely on charitable services such as the Foodbank for the long-term.
- To document any identified barriers to our service provision.

**Tauranga Environment Centre Charitable Trust (Envirohub BOP)**

Envirohub BOP is an umbrella organisation for conservation, green hands, and sustainable living groups throughout the Bay of Plenty. Established in 2001, it is one of 18 independent Environment Centres around New Zealand aimed at helping local communities learn about and take action on environmental issues that support a sustainable future. Last year, Envirohub collaborated with more than 300 different organisations locally and nationally during the delivery of 14 key projects, programmes, and initiatives.

TCC Support in 2021/22:

Community Grant \$50,000, and Resource Wise Community Grant \$18,000.

Partnership Agreement Requested:

\$100,000 per annum for 2022/23 and 2023/24.

Proposed objectives:

- Support Tauranga City Council in achieving its Climate Change and Environment Strategy goals.
- Collaborate with Tauranga City Council to deliver key messages and support Tauranga City Council programmes that improve sustainability and biodiversity outcomes.
- Connect urban dwellers to nature, through Envirohub's suite of programmes and initiatives.
- Establish the first National Park City in NZ - 'Tauranga Park City'.

**Title: Creative Bay of Plenty****File Number:****Author: James Wilson, Manager: Arts and Culture and Anne Blakeway, Manager: Community Partnerships****Authoriser: Barbara Dempsey: Acting General Manager: Community Services****ISSUE**

1. Creative Bay of Plenty are requesting an increase to their annual operating funding of \$95,000 per annum, to enable the creation of a Ngā Toi Māori senior leadership position on a full-time, permanent basis.

**DISCUSSION AND ANALYSIS**

2. The submission notes that over the past few years there has been an 'increasingly urgent' call for a true bi-cultural approach to all areas of community development and provision, including the arts, health, education and science.
3. The submission argues that there is a unique opportunity for Tauranga to embrace the power of working in a 'genuine bi-cultural partnership' in the arts sector, with expected benefits for Māori and non-Māori including a better understanding of curatorial ways, caring for taonga, community engagement and interpretation and valuing and upholding of cultural narratives.
4. The submission proposes the establishment of a senior leadership role within Creative Bay of Plenty, bringing Ngā Toi Māori expertise to the organisation and leading engagement Māori artists and arts practitioners, providing strategic advice on the direction and development of the Ngā Toi Māori sector.
5. Creative New Zealand's most recent study into attendance and participation trends in the arts (New Zealanders and the Arts 2020) noted that Ngā Toi Māori was one of the fastest growing artforms in Tauranga, with noticeable growth in both participation and attendance. The study also noted that whilst Ngā Toi Māori was growing nationally, Māori participation in arts in Tauranga is growing at a faster rate than anywhere else in New Zealand.
6. Creative Bay of Plenty has recently undergone a significant organisational restructure, following a Tauranga City Council led review into the organisation's operations. As a result of this restructure, the General Manager role and a senior marketing position have been ceased, leaving two full-time staff to deliver a set of KPI's outlined in an annual funding contract with Tauranga City Council.
7. The funding provided to Creative Bay of Plenty has been reduced from \$304,000 per annum to \$150,000 per annum, under a new funding contract which commences 1<sup>st</sup> July 2022. The reduction in funding was a result of recommendations in the report that some delivery areas should be brought back 'in house' to be delivered by Tauranga City Council. The report also noted that Creative Bay of Plenty's delivery to Toi Māori was poor, despite the organisation having intentions to strengthen relationships with iwi and with Māori practitioners.
8. The revised funding agreement with Creative Bay of Plenty requires them to deliver a range of services and programmes for the local creative sector, with a focus on arts advocacy, marketing of arts events, and capacity and capability growth for local artists and arts organisations. The Creative Communities scheme, which was previously administered by Creative Bay of Plenty will now be delivered by Tauranga City Council, and Creative Bay of Plenty will no longer have responsibility for driving the implementation and monitoring of the Toi Moana arts and culture strategy.
9. Staff note that the board and management of Creative Bay of Plenty have demonstrated a commitment to lifting the performance of Creative Bay of Plenty, with their most recent six-monthly report showing an improving confidence amongst the sector in Creative Bay of

Plenty's willingness to collaborate and partner. Whilst this improved performance is promising, it is noted that the impact of the reduced funding will not be felt by Creative Bay of Plenty until July 2022.

10. Staff note that there are other iwi-led arts organisations in Tauranga, such as Te Tuhi Mareikura Trust, that provide some of the services and benefits to Ngā Toi Māori artists that Creative Bay of Plenty is intending to deliver. There are also arts organisations with a strong commitment to Kaupapa Māori outcomes, such as the Incubator creative hub, through their Okoro gallery.
11. Staff note that the Toi Moana arts and culture strategy is scheduled for review in late 2022 / early 2023, and the creation of a new role for Creative Bay of Plenty could be considered pre-emptive to opportunities and needs identified in the revised strategy.
12. The submission does not provide evidence of other funding sources having been explored for this proposed new role. There may be opportunities to support this role through an application to the community grants fund, although staff would expect to see other funding sources (such as Creative New Zealand and Ministry of Culture and Heritage grant programmes) having been investigated first.

### OPTIONS ANALYSIS

**Option 1:** increase Creative Bay of Plenty's funding by \$95,000 per annum

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Increased delivery for Ngā Toi Māori</li> <li>Increased organisational capacity for Creative Bay of Plenty</li> <li>Demonstration of Council's commitment to supporting Ngā Toi Māori outcomes</li> </ul>	<ul style="list-style-type: none"> <li>Creates a precedent for the establishment of a new full-time position, with the position funded entirely by Tauranga City Council.</li> <li>Increased impact on rates of \$95,000 per annum</li> </ul>

Budget – Capex: none

Budget – Opex: \$95,000 (per annum, ongoing)

Key risks: Frustration from other arts organisations who are already delivering programmes for Ngā Toi Māori

Recommended? No

**Option 2:** Retain the status quo, declining Creative Bay of Plenty's request for funding.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>No impact on rates</li> <li>Enables opportunity to review the Toi Moana arts and culture strategy, which may lead to a more comprehensive identification of needs and opportunities in the sector</li> </ul>	<ul style="list-style-type: none"> <li>Perceived lack of confidence in the board and management of Creative Bay of Plenty.</li> <li>Limits the ability of Creative Bay of Plenty to deliver outcomes for Ngā Toi Māori</li> </ul>

Budget – Capex: None

Budget – Opex: None

Recommended? **YES**

**RECOMMENDATION**

13. Decline the funding request from Creative Bay of Plenty.

**NEXT STEPS**

14. Staff to discuss alternative funding options with Creative Bay of Plenty.

**SUBMISSIONS RECIEVED**

Submission #:1081

**ATTACHMENTS**

Nil



**Title: Issues and options – Merivale Community Centre****File Number:****Author: Ross Hudson, Team Leader, Planning, Spaces & Places****Authoriser:****ISSUE**

1. The draft Community Centres Strategic Plan identifies priority community centre investments for the city. For 'local community centres' that provide a mix of bookable spaces and community development functions, it highlights the need for Council to lead the development of sustainable, fit-for-purpose facilities, enabling local community trusts to focus on managing the facilities and supporting local community needs and aspirations.
2. Efforts to replace Merivale Community Centre with a fit-for-purpose facility have been underway for many years, with the project being led by a community trust. Whilst the Trust has tried to secure sufficient funding and establish a sustainable operational model, cost escalations and a fragile operational model mean this is unlikely to deliver what the community needs any time soon.
3. We propose that Council takes ownership of project delivery and the facility, once built, with a lease and operational agreement with the Merivale Community Incorporated trust to manage the facility day-to-day.

**DISCUSSION AND ANALYSIS**

4. The draft Community Centres Strategic Plan, which will be brought to the Strategy, Finance and Risk Committee for adoption in June, builds on the Community Facilities Investment Plan (CFIP - 2021) to provide a comprehensive approach to investment in and management of the city's network of community centres and halls.
5. Research such as Vital Update: Tauranga (2020) and the community surveys undertaken through the development of the Plan reflect people's dissatisfaction with the quality and accessibility of our existing centres and halls.
6. Despite the inadequacy of the facilities on offer, analysis to inform CFIP showed that demand for these spaces has outstripped population growth over the last decade, demonstrating people's continued desire to play, learn, connect, and receive social support.

**Merivale Community Centre**

7. The replacement of Merivale Community Centre at Council's property at 10 Kesteven Avenue has been under development for a number of years, with the project led by the Whare Manaakitia Trust, who have worked diligently on behalf of the community to secure funding commitments from Council (\$1.16m, of which \$901k is not yet committed) and other charitable funders and to move the project forward in challenging circumstances.
8. Typically, for a community-led building project, it has taken a number of years to secure funding and has struggled to maintain project momentum due to its reliance on a changing group of volunteers. The project is close to the final design and consenting phase but, with project cost escalations, there is a funding shortfall of \$1.9m. Again, like many community-led builds, building maintenance and renewal costs have not been taken into account, and it is likely that there will need to be ongoing fundraising required to pay for these.
9. The operational model for the centre will be similarly fragile and the Merivale Community Incorporated Trust, which manages the current centre has, like many charities, had periods of stability and progress and periods where capacity and continuity have been challenging. We do not currently have confidence that a new, fit-for-purpose centre will be delivered in a timely manner.

10. The need for a fit-for-purpose, well-governed and managed community centre in Merivale remains paramount. We propose that Council takes the lead in making this happen, by:
  - (a) Noting and endorsing the need for a capital budget allocation of an additional \$3.9m in 2024 FY (of which we expect up to \$2m to be secured from our charitable funding partners)
  - (b) Adding \$100k of ongoing operational funding to the community centres budget from 2025 FY.
  - (c) Taking the lead in a new project delivery model for the community centre, ongoing Council ownership of the building, with a lease and ongoing support for the Merivale Community Incorporated trust, who would manage the new centre.
11. The deployment of the funding would be predicated on our comfort with the sustainability of the model moving forward.

### Options Analysis

#### Option 1: Approve the proposed budget adjustments to enable delivery of Merivale Community Centre

Add \$3.9m (incl \$2m external funding) to 2024 FY to enable completion of the Merivale Community Centre and add \$100k per annum to a community centre operational budget from 2025 FY, pending agreement of a sustainable governance and management model.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Timely delivery of key community centres and bookable space, meeting community needs.</li> <li>Demonstrating support and investment into priority communities identified through Vital Update and community surveys undertaken as part of Community Centres Strategic Plan.</li> </ul>	<ul style="list-style-type: none"> <li>Additional budget in 2022/23 and 2023/24.</li> <li>Additional Project Management Resources required to deliver these neighbourhood building projects</li> </ul>

Budget – Capex: Total \$4.8m across 2023-24 FYs, being existing budget of \$901k in 2023 FY and an additional \$3.9m in 2024 FY.

Budget – Opex: Total \$2.1m across 2023-31 FYs

(\$15k in 2023 FY and \$59k in 2024 FY for financing costs; average \$287k/annum from 2025 FY onwards for maintenance, depreciation and financing costs).

Key risks: Project cost escalation (mitigated by appropriate contingencies); failure to secure effective governance models for Merivale community centres (mitigated by Council direct involvement in governance or delaying/revisiting investment if required).

Recommended? **Yes**

#### Option 2: Retain the status quo

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Retains budget in later years.</li> </ul>	<ul style="list-style-type: none"> <li>Delays, cost escalation and loss of community buy-in.</li> <li>Lack of support and investment in priority communities.</li> </ul>

Budget – Capex: Nil

Budget – Opex: Existing operational grant of \$901k in 2023, loan-funded over 10 years.

Key risks: Delay and/or project failure, along with potential loss of external funding

Recommended? No

#### RECOMMENDATION

**12. Option 1: Approve the proposed budget adjustments to enable delivery of key community centre projects -**

- (a) Approve additional \$3.9m (incl \$2m external funding) to 2024 FY to enable completion of the Merivale Community Centre and add \$100k per annum to a community centre operational budget from 2025 FY, pending agreement of a sustainable governance and management model.
- (b) Endorse a new Council-led delivery model for the build, ownership and ongoing maintenance of Merivale Community Centre, with the Merivale Community Incorporated trust continuing to manage the centre.

#### NEXT STEPS

13. Establish model for Merivale Community Centre project delivery and move to development phase.

#### ATTACHMENTS

Nil

**Title: Issues and options – Active Reserves: Actions to Increase Capacity & Quality****File Number:****Author: Ross Hudson, Team Leader, Planning, Spaces & Places****Authoriser:****ISSUE**

1. On 24<sup>th</sup> March, Council gave initial consideration to options to derive additional use out of our existing active reserves network. This paper seeks approval for budget reallocations for a set of actions that will increase capacity, improve useability and quality of experience, and reduce the number of additional sports fields required as the city grows.
2. Specifically, we are seeking to reallocate existing budgets currently in later years of the LTP to deliver the following projects (full list in section 13 below) -
  - (a) Sportsfield upgrades at a number of parks across the city
  - (b) Gordon Spratt Reserve –sportsfield upgrades, construction of shared club rooms and carparking and shelters and supporting Papamoa Cricket Club to construct a cricket pavilion at the Alice Johnson Oval,
  - (c) Improving the current level of service for grass cutting on the outer cricket fields at Blake Park (following issues with thatch depth, and the additional work undertaken at Blake Park for the Women's Cricket World Cup showing the level of service that is possible).

**DISCUSSION AND ANALYSIS**

3. Our active reserve network is a key component of our provision of parks and reserves across the city. They provide essential opportunities for our community to be healthy, to participate and compete, to aspire and be inspired. Our active reserves and our greenspaces are highly valued by our community and whenever we seek their views, we receive feedback that reflects that sentiment.
4. As the city grows and with increasing pressure on land for housing, we need to maximise the amount of use we can derive from the sports fields we already provide, in order to minimise the need for additional land, whilst still seeking to enable accessible, quality and varied recreational opportunities.
5. We have deficits across our sports field network, where demand is outstripping the current capacity of the fields. This leads to frustration, disincentivises participation and also causes damage to our current fields through over-use. Network planning has identified a programme of actions to increase the capacity (useable hours per week) of some of our key sports fields that are in high demand, particularly for mid-week winter evening training.
6. In addition, we have been working with sports clubs and user groups to scope and accelerate the delivery of key projects to enhance user experience at key locations. At Gordon Spratt Reserve and the Alice Johnson Oval, we are seeking budget adjustments to enable accelerated delivery of projects already identified in the LTP and long identified as needed by users of the reserve. These include the cricket pavilion, turf improvements, a multi-use clubrooms facility, shelters and carparking.
7. On 24<sup>th</sup> March, Council endorsed upgrades to Links Avenue Reserve and Macville Park to enable the creation of a Home of Football with high quality training and match facilities and a focus on creating development pathways for talented young players and providing for more hours of community use. In 2022/23 we would undertake a detailed planning phase and development of a robust funding and site operational model (including external funding), with capital investments in artificial turf and associated facilities identified for consequent years.

8. The current contract specification for sports fields maintenance requires a certain mowing height expectation. In general, this has met community purposes and has meant that sportsfields are mown once a week. The level of service expectation has increased in recent years, particularly for cricket at Blake Park and we propose an enhanced moving and cutting regime there from 2022/23 onwards.
9. We have a total of \$146.5m currently allocated for active reserve enhancement and acquisition projects over 2023-31 FYs, plus \$7.1m of development contributions. We are proposing to reallocate some of this budget from later years to the next three years to enable the identified projects to be delivered in an efficient and timely manner, meeting user demands, ensuring our network is resilient and reducing the need for additional land acquisition.
10. Table 2 summarises intended changes across the coming three financial years to the total budget allocated to active reserve improvement projects. Note that these are budget reallocations from later years.

	2023 FY	2024 FY	2025 FY	Total 2023-31 FYs
Current 2021-31 LTP budget	\$815k	\$21.0m	\$8.1m	\$146.5m
Proposed budget (incl loan-funded opex)	\$7.0m	\$33.6m	\$30.8m	\$144.4m
Change (incl inflationary impacts)	\$6.2m	\$12.6m	\$22.7m	-\$2.1m

11. Table 3 below shows the actions that are planned over the next three years.

Project / Reserve
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<p>Waipuna Park (warm season grasses, floodlights, drainage, irrigation, cricket nets+ wickets)</p> <p>Te Wati Park (floodlights)</p> <p>Pemberton Park (warm season grasses, drainage, floodlights)</p> <p>Morland Fox Park (warm season grasses, drainage)</p> <p>Arataki Park (floodlights)</p> <p>Fergusson Park warm season grasses, drainage, irrigation, bore water, floodlights)</p> <p>Gordon Spratt Reserve (warm season grasses, drainage, irrigation, bore water, floodlights)</p> <p>Links Avenue Reserve (warm season grasses, artificial turf, floodlights, carpaking, amenities)</p> <p>Blake Park temporary cricket pavilion, mowing and landscaping and projects flowing from masterplan process</p>
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## OPTIONS ANALYSIS

### Option 1: Reallocate LTP budgets in later years to the coming three financial years to enable delivery of active reserve improvement projects

- (a) Reallocate LTP budgets from later years to the 2023 FY to provide an additional \$6.2m towards active reserve improvement projects and note that \$12.6m will be required in the 2024 FY and \$22.7m in the 2025 FY.

- (b) Agree to loan fund \$1.7m opex in 2023 FY for warm season grasses over a 10 year period. Note that opex of \$576k in 2024 FY and \$2.8m in 2025 FY will also be required to be loan-funded over a 10 year period.
- (c) Allocate \$51k opex in 2023 FY towards for Blake Park mowing, and note that ongoing opex will be required in future years to be confirmed through future Annual Plan and LTP processes.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Enables early delivery to meet community expectations</li> <li>Improves sports field turf quality and resilience, mitigation downstream renewal costs</li> <li>Reduces need for expensive land acquisition and competition with land for housing</li> <li>Increased level of service for outer cricket field.</li> <li>Grass height will be within specification at all times</li> <li>Provision of a predictable playing surface</li> </ul>	<ul style="list-style-type: none"> <li>Adds to budget in the coming three financial years</li> </ul>

Budget – Capex: Total \$139.3m across 2023-31 FYs  
(including \$5.3m in 2023 FY, \$33.0m in 2024 FY, \$28.0m in 2025 FY)

Budget – Opex: \$5.1m opex for warm season grasses (loan-funded over 10 years)  
Rates impact being \$332k in 2023 FY (\$51k for mowing, \$113k for financing costs, \$169k debt retirement costs); \$1.1m in 2024 and average \$8.0m/annum from 2025 FY (mowing, financing, debt retirement and depreciation costs)  
Some additional opex may be required for field and turf management, which we would bring to the next Annual Plan process once costs are better understood.

Key risks: Cost escalations lead to additional budget requirements

Recommended? Yes

#### Option 2: Retain the status quo

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>No additional budget required</li> </ul>	<ul style="list-style-type: none"> <li>Delays to key projects leading to community dissatisfaction.</li> <li>Further deterioration in field quality leading to downstream costs.</li> </ul>

	<ul style="list-style-type: none"> <li>May lead to need for additional land acquisition at significant cost, compromising housing land.</li> </ul>
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Budget – Capex: Total \$146.5m across 2023-31 FYs

(including \$815k in 2023 FY, \$21.0m in 2024 FY, \$8.1m in 2025 FY)

Budget – Opex: Rates impact \$13k in 2023 FY for financing costs; \$394k in 2024 and average \$5.0m/annum from 2025 FY (financing and depreciation costs)

Key risks: Downstream renewal and land acquisition costs

Recommended? No

### RECOMMENDATION

12. Reallocate LTP budgets in later years to enable delivery of active reserve improvement projects -

- (a) Reallocate LTP budgets from later years to the 2023 FY to provide an additional \$6.2m towards active reserve improvement projects and note that \$12.6m will be required in the 2024 FY and \$22.7m in the 2025 FY.
- (b) Agree to loan fund \$1.7m opex in 2023 FY for warm season grasses over a 10 year period. Note that opex of \$576k in 2024 FY and \$2.8m in 2025 FY will also be required to be loan-funded over a 10 year period.
- (c) Allocate \$51k opex in 2023 FY towards for Blake Park mowing, and note that ongoing opex will be required in future years to be confirmed through future Annual Plan and LTP processes.

### NEXT STEPS

13. Implementation of projects as soon as possible across the active reserve network

14. Add the extra Blake Park mowing to the Sports Field Maintenance Contract.

### ATTACHMENTS

**Attachment 1 - Active Reserves - A13448513**

**Attachment 1 – Site Concepts for Home of Football and Gordon Spratt Reserve projects**

**LINKS AVENUE RESERVE  
OPTION 01**





## MACVILLE PARK OPTION 02



### Gordon Spratt Reserve -

Field sports, tennis, netball, bowls



**Title: Issues and options – Bay Oval****File Number:****Author: Kieran Wall, Warren Aitken****Authoriser:****ISSUE**

1. The Bay Oval Trust have requested additional funding to contribute towards the completion of Bay Oval, this involves two significant pieces of development:
  - (a) That Tauranga City Council (TCC) fund the shortfall of \$1,934,240 for the Stage 2 Pavilion build. The original cost estimate of the Stage 2 Pavilion (excluding design and consulting costs) was \$4,289,000. A revised cost estimate has escalated the cost to \$5,934,240. To date, the Bay Oval Trust have raised approximately \$4m of the total amount, (including the \$1,429,667 granted by TCC in the 2021-31 LTP). The extension to the pavilion project is currently at the developed design stage.
  - (b) The Bay Oval Trust have also requested that TCC Fund 50% of the cost to develop an Indoor training facility (the figures provided by the Bay Oval state the total cost for the indoor training facility is \$6,134,620). A feasibility study has been completed on the proposed indoor training facility. The request to fund 50% equates to \$3,067,310.

**DISCUSSION AND ANALYSIS**

2. The Bay Oval is an important part of the Tauranga's sporting and event infrastructure. Bay Oval is the only international standard sporting venue in the city and has hosted several high-profile international cricket games and events. The proposal from the Bay Oval Trust is to build a wider event and sporting portfolio in the future.
3. The Bay Oval has been developed in stages and there is a desire for the venue to be completed from both the Bay Oval Trust and TCC. The Stage 2 Pavilion has previously received funding from TCC (\$1,429,667) in the 2021-31 LTP. There have been delays to the construction of the Stage 2 Pavilion and therefore the funding that was approved in the 2021-31 LTP was for Y1 (2022 FY), has been carried forward through Executive submissions.
4. There is a demand for an indoor cricket training facility within the Bay of Plenty region for both community and high-performance activity. An indoor training centre will enhance Blake Park and continue to attract high quality sport to Tauranga. The Bay Oval Trust have stated a cost of \$6,134,620.00 to complete the design and construction of the indoor training facility.
5. Staff have been working with all of the users at Blake Park to develop a masterplan for Blake Park to help with the high demand for quality sporting facilities. There is broad support for the indoor training centre from a range of cricket bodies and from Tauranga Hockey (neighbouring activity) if it enhances their activity and can provide some benefit for their needs.

**Benefits of investment**

6. Completion of the stage 2 pavilion will enable the Bay Oval to cement itself as a key international cricket venue in NZ. The Pavilion has already gained the support of TCC and other funders through a funding grant. The indoor training centre will enhance the Bay Oval's ability to host international cricket and support the needs of community cricket to have an all-weather, all-season training option. It is however important that community access is guaranteed as part of any funding arrangement. The indoor training centre would support optimisation and activation of the entire reserve and has support from other sports in Blake Park. There are currently no other similar facilities available in the Bay of Plenty region meaning it will help develop cricket across the region and at all levels of participation. Indoor training nets are a critical element of cricket training allowing all weather, day and night training. Both the Stage 2 pavilion and the indoor training centre will help ensure that there is a guaranteed and diversity of events creating income for Bay Oval which will ensure its long-term sustainability.

## OPTIONS ANALYSIS

### Option 1: Retain the status quo (no additional finding)

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Has no additional funding implications on Tauranga City Council</li> </ul>	<ul style="list-style-type: none"> <li>Stage 2 Pavilion may not be completed</li> <li>Unlikely that indoor training facility can be developed at this time</li> <li>Risks the total completion of the Bay Oval in the next 3-5 years</li> </ul>

Budget – Capex: Nil

Budget – Opex: Nil

Key risks: The Bay Oval cannot be completed, or completion will take longer than desired/expected

Recommended? No

### Option 2: Fully Fund Bay Oval Trust's Request

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Supports the Bay Oval to be completed in a timely and prompt manner</li> <li>Fits on the existing Blake Park footprint so has minimal impact on the rest of Blake Park</li> </ul>	<ul style="list-style-type: none"> <li>Accurate budget /QS for additional costing required for stage 2 pavilion to be completed</li> <li>Additional unbudgeted funding is required from Tauranga City Council</li> <li>The indoor training centre will put some additional pressure on the reserve</li> <li>Ongoing operational costs and depreciation have not been considered</li> </ul>

Budget – Capex: Nil

Budget – Opex: Additional \$1,934,240 grant in 2023 FY (being a total grant of \$3,363,907 or 57% TCC funded) for Stage 2 Pavilion to be loan-funded over 10 years.

\$3,067,310 grant in 2023 FY for Indoor Facility (50% TCC funded) to be loan-funded over 10 years.

Rates impact of \$570k in 2023 FY and average \$601k/annum 2024-31 FYs for financing and debt retirement costs.

Key risks: If additional funding is not forthcoming, the stage 2 pavilion and indoor training centre will not be delivered

Recommended? No

**Option 3: Fund the shortfall request for the Stage 2 Pavilion and support in principle Council funding one-third of the indoor training centre as part of a future Annual Plan or Long Term Plan process if/when the Bay Oval Trust demonstrate funds have been secured for the remaining two-thirds.**

Advantages	Disadvantages
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<ul style="list-style-type: none"> <li>• Supports completion of the Bay Oval stage 2 pavilion</li> <li>• The Trust would have the support of Council in principle for the indoor facility if Bay Oval secured the additional funding from external parties</li> <li>• Both would fit on the existing Blake Park footprint so has minimal impact on the rest of Blake Park</li> </ul>	<ul style="list-style-type: none"> <li>• Bay Oval training centre is unlikely to be completed for some time</li> <li>• Accurate budget /QS for additional costing required for stage 2 pavilion to be completed</li> <li>• Additional external funding is required and cannot be guaranteed</li> <li>• The indoor training centre is at feasibility stage only, and requires more detailed work to get timelines and costings</li> <li>• Ongoing operational costs and depreciation have not been considered</li> <li>• The figures have additions that were not detailed in the 2021-31 LTP submission.</li> <li>• The indoor training centre very unlikely to be built in 2023 AP year.</li> </ul>
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Budget – Capex: Nil

Budget – Opex: Additional \$1,934,240 grant in 2023 FY (being a total grant of \$3,363,907 or 57% TCC funded) for Stage 2 Pavilion to be loan-funded over 10 years.  
Rates impact of \$221k in 2023 FY and average \$232k/annum 2024-31 FYs for financing and debt retirement costs.

Key risks: Puts greater focus on the trust to secure additional funding from other sources which could delay the completion of the Bay Oval.

Recommended? **Yes**

### Recommendation

#### Option 3:

- Fund the shortfall request for the Stage 2 Pavilion (additional \$1,934,240 grant in 2023 FY) to, with other funders, enable the project to proceed; and
- Support in principle Council fund one-third (\$2m) of the indoor training centre as part of a future Long Term Plan process if/when the Bay Oval Trust demonstrate funds have been secured for the remaining two-thirds and Council receives an annual update report on progress as part of the Annual Plan process.

### NEXT STEPS

7. Work with and Support Bay Oval Trust to complete the works.

### SUBMISSIONS RECIEVED

Submission #:

### ATTACHMENTS

Nil

**Title: Issues and options – Carlton Street Reserve Playground (Submissions 491 and 565)****File Number:****Author: Kirsten Hauschild – Open Space & Community Facilities Planner****Authoriser: Barbara Dempsey – General Manager: Community Services****ISSUE**

1. Consideration of requests made by Michael Goff in Submission 491 and Li Rong Gao in Submission 565 to the Annual Plan on behalf of the Carlton Street Reserve Playground Facebook Group, for Tauranga City Council to upgrade the playground and skate facilities at Carlton Street Reserve.

**ANALYSIS OF SUBMISSION POINTS**

2. The submission points regarding Carlton Street Reserve in Submissions 491 and 565 consist of the same text and reference to the Carlton Street Reserve Playground Facebook Group.
3. The submitters regard the playground as aged, with some play elements unsafe due to poor design and deterioration, and some elements missing due to vandalism.
4. The skatepark is considered to be well used to the point of overcrowding at times and would benefit from expanding the skate facilities.
5. Requested improvements: "improved drainage, shade (natural and/or artificial), basketball court, flying fox, tube slides, climbing tower, see saw, trampolines, merry go round, a skate/bike path for younger kids."

**DISCUSSION AND ANALYSIS**

6. The play assets at Carlton Street Reserve were last inspected on 15 June 2021 as part of a playground audit. The installation date of the play assets is between 2005 and 2006, with remaining useful life for most assets being five to six years, and one asset with 10 years remaining. The condition assessment noted several elements which required a work order to repair/replace.
7. The play assets at Carlton Street Reserve are scheduled on the renewals list for 2026-2031 (dependent on remaining life of the asset).
8. Carlton Street Reserve is within the Ōtūmoetai Spatial Plan area, which seeks to create a plan for approximately the next 30 years including the future of centres, housing, transport, and open spaces. The Ōtūmoetai Spatial Plan is due to be finalised by June 2022. Community feedback has been received, with several comments relating to Carlton Street Reserve, including some aligned with the feedback in Submissions 491 and 565.
9. Skate facilities have been consulted on recently as part of the Destination Skate Park Project, for which the community had opportunities to provide feedback on skate facilities in Tauranga City. Some comments relating to the skatepark at Carlton Street Reserve aligned with the feedback in Submissions 491 and 565 regarding the installation of facilities for younger children and beginners, as well as additional elements which would benefit the skate community.
10. A Tauranga Skateparks Assessment was conducted in February to April 2022. Ōtūmoetai Skatepark at Carlton Street Reserve received a score of 60/100, and is considered a 'fair' rating. A number of recommendations have been made for improvements to the skate area, general landscape amenity, and CPTED interventions, including new elements such as a pump track and learners bike riding course.

## OPTIONS ANALYSIS

**Option 1: Deliver improvements to Carlton Street Reserve playground and skate park**  
(including accessibility, shade and skatepark improvements in 2023 FY utilising existing budgets.)

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Allows early involvement of the Carlton Street Reserve Playground Facebook Group in identifying and implementing improvements.</li> <li>The Ōtūmoetai Spatial Plan will identify the role of the reserve in the community for the future, and the appropriate level of investment and potential further upgrades for Carlton Street Reserve to be considered in future budget rounds (e.g. 2024/2034 Long Term Plan).</li> <li>The Tauranga Skateparks Assessment project will inform what skate facilities should be installed.</li> <li>Potential to use existing shade, accessibility, Tauranga Reserves Management Plan bulk fund and skatepark improvements budgets.</li> </ul>	<ul style="list-style-type: none"> <li>Extent of improvements will only partly cover the extensive list of requested improvements which may not satisfy the Carlton Street Reserve Playground Facebook Group.</li> </ul>

Budget – Capex: Nil from the Annual Plan – utilises existing Shade, Accessibility and Reserve Management Plan bulk fund budgets to a value of less than \$100k, and will not compromise other identified projects.

Budget – Opex: Nil from the Annual Plan – utilises existing budgets

Key risks: Delay in addressing all requests raised by the local community

**Recommended? Yes**

**Option 2: Investigate options to upgrade Carlton Street Reserve with the assets requested**  
(i.e. improved drainage, shade (natural and/or artificial), basketball court, flying fox, tube slides, climbing tower, see saw, trampolines, merry go round, a skate/bike path for younger kids.)

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Requests raised by the local community will be addressed promptly.</li> <li>Opportunity to work with members of the Carlton Street Reserve Playground Facebook Group, and wider community through consultation process.</li> </ul>	<ul style="list-style-type: none"> <li>High immediate cost within the Annual Plan if all assets requested are included in the upgrade.</li> <li>Limits ability for substantial upgrades to be informed by the Ōtūmoetai Spatial Plan.</li> <li>Potential to be inconsistent with the outcomes of Ōtūmoetai Spatial Plan.</li> </ul>

Budget – Capex: Estimated \$750k in 2023 FY

Budget – Opex: Total \$421k across 2023-31 FYs



\$12k in 2023 FY financing costs; average \$62k/annum from 2024 FY onwards for depreciation, financing costs and additional maintenance requirements.

Key risks: Potential to be inconsistent with the outcomes of Ōtūmoetai Spatial Plan.

**Recommended? No**

**Option 3: Retain the status quo, and provide play asset renewals as scheduled**

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Low cost - does not use any Capex budgets.</li> <li>• The Ōtūmoetai Spatial Plan will identify the role of the reserve in the community for the future, and the appropriate level of investment and potential further upgrades for Carlton Street Reserve to be considered in future budget rounds (e.g. 2024/2034 Long Term Plan).</li> </ul>	<ul style="list-style-type: none"> <li>• Does not address the concerns or aspirations identified by the community, including the Carlton Street Reserve Playground Facebook Group.</li> </ul>

Budget – Capex: Nil

Budget – Opex: Nil

Key risks: Reputational risk due to not addressing community concerns

**Recommended? No**

**RECOMMENDATION**

- Option 1 - Deliver improvements to Carlton Street Reserve playground and skate park, (including accessibility, shade and skatepark improvements in 2023 FY utilising existing budgets.)

**NEXT STEPS**

- Include submission points made regarding Carlton Street Reserve in the Ōtūmoetai Spatial Plan process, to be considered with other community commentary and expert input.

**SUBMISSIONS RECEIVED**

Submission #:491

Submission #:565

**ATTACHMENTS**

Nil

**Title:** Issues and options – Sub-Regional Equine Racing Working Group and Relocation Study

**Author:** Carl Lucca

**Authoriser:** Christine Jones

## ISSUE

1. Funding provision to contribute towards a Sub-Regional Equine Racing Working Group and Relocation Study for Greerton Racecourse.

## ANALYSIS OF SUBMISSION POINTS

2. A submission has been received from Racing Tauranga Incorporated seeking funding to contribute towards a Sub-Regional Equine Racing Working Group and Relocation Study for Greerton Racecourse.
3. This submission is made in the context of recent Greerton Maarawaewae Study findings, with top ranking options all indicating a need for relocation of the racecourse and hence a need for a commitment to further investigations in this regard. In particular, the Commissioners at their 11 April Council meeting made the following resolutions:
  - (a) *Approves further engagement to be undertaken with mana whenua and existing Tauranga Racecourse Reserve users in relation to the additional study options developed following community engagement and the option assessment.*
  - (b) *Supports Tauranga City Council participating in a cross-organisational working party to identify potential sites for a sub-regional equine racing facility, with a lead role by New Zealand Thoroughbred Racing and Tauranga Racing Club and including key stakeholders*
  - (c) *Notes that a full report and recommendations on the options study will be provided to Council in June 2022.*
4. It is important to note that Racing Tauranga's preferred outcome is to remain on the Tauranga Racecourse Reserve in Greerton and have certainty of tenure beyond the lease expiry in 2039 allowing for capital investment in infrastructure to future proof the facility. However, as the Greerton Maarawaewae Study findings exclude racing in the future plans on the reserve the Club agrees to participate in and support the proposed working party and study.
5. As outlined in the submission, Racing Tauranga is seeking funding from Tauranga City Council to support a cross-organisational study to identify potential sites of a regional horse racing facility.

## DISCUSSION AND ANALYSIS

### Strategic Context

6. The submission is made in the context of the Greerton Maarawaewae study. The purpose of the study is to identify opportunities that will support wellbeing and liveability as the city continues to grow over the short, medium and long term. The 85ha study area includes the Greerton Racecourse and Golf Course, as described in the TCC Reserves Management Plan.
7. The site is strategically located on the Te Papa peninsula corridor, close to the heart of the city. This central corridor is expected to *see the most significant transformation in the sub-region in the next 30 years, with a high frequency public transport system and higher densities (apartments, terraced housing, and duplexes) along the corridor, especially at areas such as around the hospital and Greerton.*
8. As part of the study, 10 options have been developed for assessment. These options take into account outcomes of engagement with mana whenua, existing Tauranga Racecourse Reserve users (Tauranga Racing, Tauranga Golf Course and Tauranga Equestrian Sports Association (TESA)) and the community, as well as technical analysis and the needs of the



city. At the time of writing, the consultants' reporting is ranking the options as follows, none of which include retention of the racecourse:

Ranking	Without Costs	With Costs
1	Option 7plus: Health and Recreation	Option 7plus: Health and Recreation
2	Option 6plus: Homes and Community Park	Option 6plus: Homes and Community Park
3	Option 4: Community Spaces & Active Recreation Destination Park combined with Equestrian	Option 3plus: Central Park
4	Option 3plus: Central Park	Option 4: Community Spaces & Active Recreation Destination Park combined with Equestrian

9. As part of the study, engagement has also occurred with New Zealand Thoroughbred Racing (NZTR). It is understood that as part of ongoing planning for improved industry performance and future venue planning, NZTR has identified the need for only one racecourse in the Tauranga / Rotorua sub-region.
10. As outlined in the NZTR Directions Paper, for the Bay of Plenty area *"NZTR has met with the Racing Rotorua and Racing Tauranga and encouraged them to work together on what the future of racing will be for the Bay of Plenty region. While acknowledging the Bay of Plenty is a population growth hub, NZTR is of the view that thoroughbred racing in the region may be best sustained in the long-term if there is only one venue for racing in the region"*.
11. Having regard to broader planning needs within the sub-region and the emerging outcomes of the Greerton Maarawaewae study, it is considered appropriate to establish a cross-organisational working party to identify potential sites for a sub-regional facility, with a lead role by New Zealand Thoroughbred Racing and including key stakeholders. As outlined above, Council resolved to support this approach on at the Council meeting of 11 April.

#### Working Group and Relocation Study Scope

12. The overall focus of the working group and scope of the project is to work closely with Racing Tauranga, New Zealand Thoroughbred Racing, Rotorua Racing Club and other key stakeholders to identify a fit for purpose, feasible site for a racecourse that meets the needs of the Bay of Plenty racing industry for the long term. In addition, the racecourse should also contribute positively to the urban planning outcomes for the region.
13. Having regard to the above, it is suggested that the key stakeholders participating in the proposed working group and study will include Racing Tauranga, New Zealand Thoroughbred Racing, Tauranga City Council, Rotorua Racing Club, Western Bay of Plenty District Council, Rotorua District Council, Kainga Ora and Tauranga City Council. This approach is supported by Racing Tauranga Incorporated and New Zealand Thoroughbred Racing.
14. A Terms of Reference (ToR) would be established for the working party to agree final scope, role clarity of parties involved and cost sharing approach.
15. Preliminary scoping, as outlined in the submission, has outlined the following process:
  - (a) To identify two to three preferred sites that could be the future racecourse site for the Bay of Plenty, that foremost meets the future racing needs of Racing Tauranga, Rotorua Racing Club, and New Zealand Thoroughbred Racing.
  - (b) In addition to considering normal site suitability factors required for a racecourse, to also consider:
    - (i) risks of securing land, access, and meeting planning requirements
    - (ii) how future sites could achieve wider community and economic outcomes for the local and regional community

- (iii) sufficiently progress site implications so there is a material understanding of the relative capital cost implications of the different site options
  - (iv) also understand at a top-line level the likely capital funding scenarios that could apply and the relative capital funding advantages of different sites
- (c) The process should take place in two stages:
  - (i) Stage 1: Site Options and Opportunity Identification, and First and Second Site Filters Applied
  - (ii) Stage 2: Full Feasibility for Preferred Option/s
- 16. Anticipated costs of stage 1 are estimated to be approximately \$160,000, including:
  - (a) overall project delivery by lead consultant
  - (b) supporting technical studies and advice by appropriate consultants.
- 17. Racing Tauranga's submission seeks 50% of the funding for stage 1 (\$80,000) to be made available by Tauranga City Council within the 2022/23 Annual Plan budget, with the balance to be agreed between other parties to the working party during initial establishment of the working party. It is considered that this approach is appropriate, noting however, that the other parties will have varying degrees of interest in the study and outcomes, and therefore the contribution to funding (if any) from each party will likely differ.
- 18. At the time of writing, Tauranga City Council is in the early stages of working with the parties to confirm participation and role clarity and is unable to confirm the final contribution each party will make. However, based on discussions to date, it anticipated that the other participants will be able to make up the 50% balance.

#### OPTIONS ANALYSIS

19. Having regard to the above discussion, the following options are put forward for consideration.

##### Option 1: Provision of Working Group and Relocation Study funding

20. Support investigations of a potential racecourse relocation within the Bay of Plenty by providing \$80,000 funding for stage 1 of the proposed Racing Working Group and Relocation Study within the 2022/23 Annual Plan budget.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Proactively supports Racing Tauranga, New Zealand Thoroughbred Racing, and other key stakeholders to identify a fit for purpose, feasible site for a racecourse that meets the needs of the Bay of Plenty racing industry for the long term.</li> <li>• Supports broader, proactive urban planning outcomes for the region.</li> <li>• Benefits associated with an integrated racing industry / local authority approach to planning and potential future investment.</li> <li>• Positive outcomes of retaining racing in the region, including social and economic potential.</li> <li>• Provides ongoing commitment to existing stakeholders to work through outcomes of the Greerton Maarawaewae Study, and associated benefits of that project.</li> </ul>	<ul style="list-style-type: none"> <li>• Additional ratepayer cost</li> </ul>

- Budget – Capex: nil
- Budget – Opex: \$80,000 2022/23 Annual Plan budget
- Key risks: Other parties do not commit to the study, resulting in limited funding and impacts on study (noting that the risk is low).
- Recommended: Yes

**Option 2: Do not provide Working Group and Relocation Study funding**

21. No financial support is provided for proposed Racing Working Group and Relocation Study.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• No additional cost</li> </ul>	<ul style="list-style-type: none"> <li>• Other parties are unlikely to commit to the process without funding and/or input from TCC.</li> <li>• Potential for the proposed working party and study to not move ahead in an integrated manner (or at all), resulting in minimal benefit and /or not clear direction on potential site for a racecourse that meets the needs of the Bay of Plenty racing industry for the long term.</li> <li>• Negative impacts on the Greerton Maarawaewae project.</li> </ul>
<ul style="list-style-type: none"> <li>• Budget – Capex: Nil</li> <li>• Budget – Opex: Nil</li> <li>• Key risks: Other parties do not commit to the study, resulting in limited funding and impacts on study (noting that the risk is potentially high in the absence of TCC commitment).</li> <li>• Recommended: No</li> </ul>	

**RECOMMENDATION**

22. Tauranga City Council supports investigations of a potential racecourse relocation a site in the Bay of Plenty by providing \$80,000 funding for stage 1 of the proposed Working Group and Relocation Study within the 2022/23 Annual Plan budget.

**NEXT STEPS**

23. Commencement of the Sub-Regional Equine Racing Working Group and Relocation Study in July 2022.

**SUBMISSIONS RECIEVED**

Submission #1027

**ATTACHMENTS**

Nil

**Title: Issues and options – Equestrian Strategy Funding****File Number: A13420776****Author: Robyn Scrimshaw – Urban Planner****Authoriser: Christine Jones – General Manager Strategy and Growth****ISSUE**

1. Consideration of financial support to work with the equestrian community to develop a sub-regional equestrian strategy, independent of the racing industry.

**ANALYSIS OF SUBMISSION POINTS**

2. A submission has been received seeking Council *set aside funding to work with the equestrian community to develop a sub-regional equestrian strategy as there is no current strategic plan for the equestrian sport in Tauranga. The strategic plan would provide future direction for the younger generation of riders.*
3. This submission is made in the context of recent Greerton Maarawaewae Study findings, with top ranking options all indicating a need for relocation of the racecourse **and associated equestrian activities** and hence a desire for a commitment to further investigations in this regard. In particular, the Commissioners at their 11 April Council meeting made the following resolutions:
  - (a) *Approves further engagement to be undertaken with mana whenua and existing Tauranga Racecourse Reserve users in relation to the additional study options developed following community engagement and the option assessment.*
  - (b) *Supports Tauranga City Council participating in a cross-organisational working party to identify potential sites for a sub-regional equine racing facility, with a lead role by New Zealand Thoroughbred Racing and Tauranga Racing Club and including key stakeholders*
  - (c) *Notes that a full report and recommendations on the options study will be provided to Council in June 2022.*

**DISCUSSION AND ANALYSIS**

4. Existing facilities at Greerton racecourse currently provide for Tauranga Equestrian Sports Association (TESA) and associated pony clubs to hold regional and national equestrian competitions. Holding competitions requires facilities of a larger scale (such as are suited to a racecourse venue) than the day-to-day pony club and other TESA activities (which can be provided for at smaller sites).
5. The 11 April Council meeting resolutions support ongoing engagement with TESA on the future of equestrian facilities in the Bay of Plenty. As part of ongoing engagement, it is envisaged that investigations on potential relocation options for equestrian activities will be worked through with the equestrian clubs based at the Greerton racecourse. *(Refer separate Issues & Options paper on Racing Working Group for further information on future of current site and potential relocation of some existing users).*
6. There are a number of workstreams relating to equestrian that are currently progressing or identified as required:
  - National Equestrian Strategy
  - BOP Regional Facility Plan for equestrian
  - Tauranga equestrian large event site option assessment
  - Tauranga equestrian day-to-day activities site option assessment

7. A National Equestrian Strategy is currently being developed by Equestrian Sport NZ, with New Zealand Pony Club Associations (NZPCA) and supported by Sport NZ.
8. Sport Bay of Plenty's (BoP) Spaces and Places Strategy indicates in its implementation actions the preparation of a **BoP regional facility plan for equestrian activities** by Sport BoP. This work programme is due to begin in early 2023, following the completion of the National Equestrian Strategy.
9. The National Equestrian Strategy and the more detailed investigation into a regional facility plan by Sport BoP will provide direction to the BoP on the future needs of the equestrian activities. It is recognised that there is currently limited strategic direction in this space for Tauranga.
10. The future needs of the users are being discussed through the ongoing engagement currently being undertaken. As indicated above, it is known that the needs fall into two categories:
  - (a) Facilities for larger equestrian events, including national competitions, best suited to a racecourse venue (particularly taking into account logistics)
  - (b) Facilities to suit day-to-day / local pony club and TESA activities, able to be provided on a smaller site and desirable within close proximity to users.
11. The *cross-organisational working party* ('racing working party') *to identify potential sites for a sub-regional equine racing facility* will consider equestrian eventing needs for the Bay of Plenty. There are known benefits of the current co-location with racing for eventing potential. Future eventing possibilities for TESA can be factored into the likely success factors of a future racing facility to assist with financial sustainability and ongoing equestrian eventing in the Bay of Plenty.
12. It is considered that if a separate equestrian strategy workstream was initiated by TCC prior to the BoP regional facility plan and the racing working party work it could result in misalignment or inefficient strategy development. The proposed BOP regional facility plan will assist to provide direction on a location and scale of the future needs and associated facilities in Tauranga.
13. The current Tauranga Reserves Management Plan also recognises and provides approved locations for equestrian activities to be undertaken. Specific reserve management statements support further engagement to determine needs with equestrian users in the specified locations.
14. Council has commissioned a report on Equine Trail opportunities. It concluded that options for the development of horse trails in the city boundaries are limited. However, there are two trails in the Western Bay of Plenty two of which are already owned and developed by Tauranga City Council: TECT, all Terrain Park and McLaren Falls and the land south of the park. Staff will continue to investigate possible option i.e. Kopurererua Valley.
15. Having regard to the above, it is considered appropriate for Council to work with TESA (and other key stakeholders) to **identify potential locations** for facilities to suit day-to-day / local pony club and TESA activities, to **inform the proposed BOP regional facility plan**.

#### OPTIONS ANALYSIS

16. There is an opportunity to consider the current wider equestrian strategy work underway as part of the existing Greerton Maarawaewae options project and the resulting racing working party.
17. If a Tauranga equestrian strategy was initiated prior to the national and regional direction it may result in less than optimal outcomes for the region.
18. Considering potential future equestrian sites for relocation of the day-to-day TESA activities can be completed concurrently as part of the racing working party study.

**Option 1:**

Fund an equestrian site relocation study for day-to-day equestrian activities and include in scope for the racing working party specific equestrian eventing opportunities.

Await the National Equestrian Strategy work to be undertaken for strategic direction prior to commencing relocation.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>National direction is provided, and future site identification has been undertaken for a facility.</li> <li>Events and financial sustainability are considered on a national scale by the strategy work and by the local relocation concurrent study.</li> <li>Funding of the strategy work is done through central agencies.</li> <li>Recreational agency is the lead of the equestrian strategy work.</li> <li>Feasibility of the regions facilities is considered on a network basis.</li> </ul>	<ul style="list-style-type: none"> <li>Potential time delay for the national strategy to be developed.</li> </ul>
<p>Budget – Capex: N/A</p> <p>Budget – Opex: Can be funded out of existing opex budgets.</p> <p>Key risks: The National or BOP Regional facilities plan work gets delayed or funding removed.</p> <p>Recommended? Yes.</p>	

**Option 2:** Fund the Tauranga Equestrian Strategy work.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Tauranga equestrian will have a strategy.</li> </ul>	<ul style="list-style-type: none"> <li>Potential future misalignment with National and Regional Strategy direction.</li> <li>Funded out of Council Budgets.</li> <li>The future financial sustainability maybe impacted by the regional direction provided after.</li> </ul>
<p>Budget – Capex: N/A</p> <p>Budget – Opex: N/A</p> <p>Key risks: The National or BOP Regional facilities plan work gets delayed or funding removed and there is no funding to complete a Tauranga equestrian strategy.</p> <p>Recommended? No</p>	

**RECOMMENDATION**

19. The recommended option is:

- TCC to continue to work with the TESA group to complete a concurrent relocation site options study for day-to-day equestrian activities.

- Racing working party to consider specific equestrian eventing opportunities, as appropriate.
  - Not to fund the Tauranga Equestrian Strategy at this time.
20. Better outcomes can be achieved for the Bay of Plenty region if the National Equestrian Strategy work and BOP regional facilities work is undertaken prior to a Tauranga Equestrian Strategy being developed. Rather the relocation site options study for day-to-day equestrian activities will feed into these processes.

#### **NEXT STEPS**

21. Ongoing engagement with TESA through the Greerton Maarawaewae options study.
22. Commence working on an equestrian site relocation study.
23. Include equestrian eventing opportunities for the racing working group, as appropriate.
24. Engage with Sport NZ, ESNZ and NZPCA and Sport BOP on equestrian strategy development processes.

#### **SUBMISSIONS RECIEVED**

Submission #978 – Sarah King

#### **ATTACHMENTS**

Nil

**Title: Issues and options – Sustainability Projects****File Number:****Author: Sam Fellows: Manager: Sustainability and Waste****Authoriser: Nic Johansson: General Manager: Infrastructure****ISSUE**

1. Some submissions it was made clear that parts of our community believes that Council needs to be more active in minimising its impact on the climate. We also recognise the need to help our city as a whole become more sustainable
2. While a lot of work is happening at the strategic level, and in our business-as-usual space, there is a need for us to be more transparent and do more.
3. The recently released Emissions Reduction Plan made it clear that “the role of local government in our transition ... is fundamental to meeting our 2050 targets, mitigating the impacts of climate change and helping communities to adapt to climate change.” While we are still to determine what this means for us at the local level (a key deliverable of the development of the Tauranga Climate Plan) we know that we need to undertake more deliberate action to lessen the impact of climate change on our community.

**ANALYSIS OF SUBMISSION POINTS**

4. Several submissions questioned the lack of concrete sustainability actions outlined in the Annual Plan.
5. Several submitters wanted to see us doing more in the climate change and sustainability spaces.
6. Submitters made points about individual projects that they would like to see happen.

**DISCUSSION AND ANALYSIS**

7. As noted above there is a lot of work going on in the strategic space, with implementation of projects that will come from this. Some of this may not be visible to the public (although details of the work are available on the website, and key stakeholders have been involved).
8. At the moment the work that is progressing is:
  - (a) Developing the Strategic Sustainability Framework;
  - (b) Developing the Sustainability Implementation Plan;
  - (c) Developing Tauranga Climate Plan;
  - (d) Preparing a Fleet Optimisation and Transition Plan;
  - (e) Developing the Environment Strategy;
9. Additionally, there is a lot of great work already happening that has sustainability benefits, as outlined in the Sustainability Stocktake, however we need to work on highlighting this work in documents like the Long Term Plan. We have begun to highlight these in our communications.
10. A sample of the ongoing projects are:
  - (a) Collaboration agreement with EECA to employ and energy advisor to lead a 2GWh saving in energy consumption at TCC and Bay Venues;
  - (b) Funding community waste reduction initiatives through the ResourceWise community fund;



- (c) Working with schools and businesses who are part of our ResourceWise programme offering waste audits and support to reduce waste;
  - (d) Waste education in schools;
  - (e) Water Watchers programme;
  - (f) Water education in schools;
  - (g) Cycle education with schools and communities;
  - (h) Developing community gardens and community planting;
  - (i) Working with Regional Council and other Council's to roll out the Future Fit climate dashboard for individuals, households and businesses to understand their climate impact;
  - (j) Working with Sustainable BOP to hold workshops with residents and key stakeholder groups to empower individual and sector responses to climate change in our local community;
  - (k) Citizenship ceremonies and events for new residents;
  - (l) Māori support services and Tangata whenua groups;
  - (m) Working with community groups delivering sustainability outcomes through the Community Partnerships Fund;
  - (n) Toitu CarbonReduce certification – TCC's carbon reporting;
  - (o) Asset Management Maturity Analysis. Future projects include a full life-cycle assessment for asset management and renewal decisions that factors in environmental and social costs, and the integration of ecosystem, biodiversity, social and cultural values into asset management and renewal decisions.
  - (p) Ensuring infrastructure resilience to natural hazards; and
  - (q) Sustainability capacity building for TCC staff.
11. While there are a number of projects across the business and community ongoing below are some are yet to start or that could be boosted. From a list of over 20 projects totalling over \$1M we have reduced this to a recommended \$250,000 package of investment focused on 6 projects that can begin in weeks or a few months.

## OPTIONS ANALYSIS

### Energy Audits at Airport and Historic Village

12. Audits are already completed for a number of sites and this will accelerate the rate we are doing that; it will also help us meet our target under our Toitū agreement and EECA funding. These are both sites that use a lot of energy and will enable reduction of this use.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Ensures that we are accurately reporting on emissions</li> <li>Encourages behaviour change</li> <li>Likely to lead to clear areas where energy and costs can be saved</li> </ul>	<ul style="list-style-type: none"> <li>Cost</li> </ul>

Budget – \$30,000

Key risks: Availability of auditor.

**Transition Beachside Holiday Park from natural gas to electricity for hot water usage**

13. There will not be any major components changed within the system and will help us meet our target under our Toitū agreement and EECA funding. Also encourages others to commit to more sustainable tourism.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Fit for future changes</li> <li>• Save cost in the long run</li> <li>• Better for the environment.</li> <li>• Shows commitment to sustainable tourism.</li> <li>• 50% funded from EECA</li> </ul>	<ul style="list-style-type: none"> <li>• Cost.</li> <li>• Time</li> <li>• Increased electricity use.</li> </ul>

Budget – \$30,000

Key risks: Availability of auditor and contractors to do the work.

**Tauranga Moana Sustainability Fund**

14. A contestable \$50,000 fund for community sustainability initiatives which support or enhance outcomes in priority sustainability areas

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Support initiatives that help our community to live more sustainability. Broadens reach of sustainability.</li> <li>• Aligns with what we do in the waste space.</li> </ul>	<ul style="list-style-type: none"> <li>• Cost.</li> </ul>

Budget – \$50,000

Key risks: Determining criteria.

**Household and school rainwater collection tank programme**

15. A mixture of waving costs (i.e. consenting costs), providing education/engagement and providing discounted tanks. Addresses the fact that now source water availability is becoming an issue where traditionally it had been treatment capacity.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Creates partnership</li> <li>• Can be a step toward other initiatives</li> <li>• Helps reduce load on water supply</li> <li>• Can partner with other funders</li> </ul>	<ul style="list-style-type: none"> <li>• Cost.</li> <li>• Labour intensive</li> </ul>

Budget – \$50,000 per year

Key risks: Supply, uptake, interest.

**Support TCC Transition to a low emission fleet**

16. Implement short term gains while the plans are getting completed, use to bridge the gap between what is currently in the fleet plan.

<b>Advantages</b>	<b>Disadvantages</b>
<ul style="list-style-type: none"> <li>Aligns with Emissions Reduction Plan</li> <li>Moves on an initiative which will come later anyway</li> <li>Prevents further investment in higher emissions vehicles</li> </ul>	<ul style="list-style-type: none"> <li>Cost.</li> <li>Plan not complete</li> </ul>

Budget – \$50,000 per year

Key risks: Availability.

**Integrating sustainability into the way we work**

17. Support the implementation of actions within TCC for the plans (as they relate to our operations, facilities, and services) and improve the level of sustainability knowledge when completing day to day work.

<b>Advantages</b>	<b>Disadvantages</b>
<ul style="list-style-type: none"> <li>Raises baseline of sustainability knowledge</li> <li>Encourages sustainability to form part of what we do</li> <li>Invests in staff</li> </ul>	<ul style="list-style-type: none"> <li>Perceived lack of return on investment</li> </ul>

Budget – \$40,000

Key risks: Finding suitable supplier

**RECOMMENDATION**

18. The additional funding of \$250,000 for sustainability initiatives is approved.

**NEXT STEPS**

19. Once approved initiatives will be implemented.

**SUBMISSIONS RECIEVED**

Submission # 35, 316, 809, 811, 933, 951, 1064

**ATTACHMENTS**

Nil

**Title: Issues and options – Te Maunga Redevelopment****File Number:****Author: Sam Fellows: Manager: Sustainability and Waste****Authoriser: Nic Johansson: General Manager: Infrastructure****ISSUE**

1. The Te Maunga Transfer Station is no longer fit for purpose for our community now or into the future, let alone the sub region and in certain instances wider region it serves.
2. We propose upgrading the wider Te Maunga Waste Facilities area (including the Transfer Station) to a Regional Resource Recovery Park that includes a Transfer Station, Food and Garden Waste processing, and Construction and Demolition Waste processing. The cost of this project will be approximately \$40m with over \$25m already secured in funding (including the \$20,521,611 previously committed by MfE) with work ongoing to reduce the ratepayer portion of this.
3. The purpose of the report is to provide early notice of the likely requirement to increase the approved budget for a basket of Capital Works investments at the Te Maunga Resource Recovery Park if we are to ensure the waste behaviour, traffic safety and environmental outcomes originally intended.
4. In the current LTP the project cost is currently \$29,521,352 of which \$20,521,611 is funded by the Ministry for the Environment (MfE) under its COVID-19 Response and Recovery Fund (CRRF).
5. If no additional funding was secured the TCC portion would shift from \$9m to \$15m (subject to final costings), therefore requiring an additional \$6m of Council funding. The rest of the cost difference has been secured in additional external funding.
6. The reasons for the increase in estimated cost are threefold:
  - (a) Increase in scope to add significant value.
  - (b) Inflation due to construction cost fluctuation.
  - (c) The detailed scope of the project has now been identified in more detail following concept design development.

**ANALYSIS OF SUBMISSION POINTS**

7. In the submission process several submitters requested transfer station upgrades or the construction of a new transfer station.
8. Unfortunately given the consenting and land use shortages in the city boundaries there are no workable locations for an added transfer station. Therefore, any upgrade at Te Maunga needs to cater for this.

**DISCUSSION AND ANALYSIS**

9. The Te Maunga Transfer Station was constructed in the early 1990s and since then no significant changes have been made.
10. Since that point, our city has grown from around 60,000 to around 155,000 people. The region has grown too along with commercial businesses, which represent about 75% of waste in our city.
11. Due to ongoing breaches of our resource consents at our Maleme Street Transfer Station we were forced to close this facility to the public. This was our most used transfer station, particularly from those living in the Western Bay of Plenty.

12. We submitted an application to MfE for COVID-19 Response and Recovery Fund funding in late 2020 and granted in March 2021. During this time, the S&W Team obtained cost estimates to cover the scope of works.
13. The outcomes expected to be delivered by the basket of project elements partly gives effect to the waste minimisation vision declared in TCC's current Waste Management and Minimisation Plan (WMMP) "Minimising waste to landfill."
14. The strategy planned to achieve that vision is defined in the WMMP by four high-level goals and 13 objectives. The outcomes of this project will contribute significantly to achieving many of the goals and objectives.
15. The application for CRRF funding was based on estimates provided by EnviroWaste. These were in turn based on the only information available at the time, being a concept design drawn up very hastily due to application deadlines imposed by MfE. The concept design and estimate consisted of no more than a few hand sketches and very broad (cost/m2) cost estimation.
16. At that point Maleme Street had not yet closed nor had Kerbside collections begun. In discussion with the MfE and our contractor EnviroWaste we proposed to wait until both of these things had taken place. This was to enable us to see the real impact on volumes of waste and recycling as well as traffic movements this from these changes. Particularly noting that Western Bay of Plenty residents, who had much lower levels of existing kerbside usage were also introducing kerbside at the same time.
17. Based on the traffic and waste volume data received the concept outlined in the attached drawings was created. This also takes into account the "Proposals for a new waste strategy" from MfE and the work on standardised kerbside, compulsory foodwaste collection and the container return scheme.
18. The reasons for the increase in estimated cost are threefold:

*Added Value*

19. The single largest added value element is the EnviroNZ proposal to make a relatively minor scope change which will have a significant effect on the amount of construction and demolition (C&D) waste that can be recovered, re-cycled and diverted from landfill. This added value element included changes to the building design and layout which facilitates the recovery of construction and demolition waste that arrives at the resource recovery park through the private customer general waste stream. Traditionally that has gone direct to landfill. This C&D material can now be separated from the general waste and diverted to the C&D waste sorting plant.
20. This added sorting capability is expected to contribute to TCC comfortably exceeding project outcome targets of diverting C&D waste from Landfill. The targets in our WMMP are:
  - (a) Year 1 – 5,000 tonnes
  - (b) Year 2 – 8,500 tonnes
  - (c) Year 3 – 12,500 tonnes.
21. Another added value is the future proofing of the facility by extending the range of waste streams that can be accepted at the facility.

*Cost Escalation due to Inflation*

22. Even if the added scope and value were removed we would still be seeing significant costs escalation from supply chain shortages and inflation.

*Improved Scope Definition*

23. The application for CRRF funding was based on estimates provided by EnviroNZ. As noted above these estimates were based on the only information available at the time, being a concept design drawn up very hastily due to application deadlines imposed by MfE and very broad (cost/m2) cost estimation.

24. Since then, a significant effort has gone into developing the concept design to provide a future proofed facility that is safe for both operators and customers, provides a user-friendly environment and is kinder to the environment. During the development of the concept design, it became apparent that the original preliminary concept missed or underestimated the costs of a number of important elements:
- (a) The cost of providing a sound detailed design was significantly under-estimated.
  - (b) No allowance was made for the increased power requirements of the mechanical equipment to be installed.
  - (c) Stormwater management and disposal is a significant challenge on the site for which no allowance was made.
  - (d) Both the garden waste and general waste receiving buildings did not allow for the increase in the waste streams in the future.
  - (e) The performance requirements of the construction and demolition waste sorting equipment was not understood at the original concept stage. This has now been properly defined and will require different, more expensive equipment to be purchased.
  - (f) The specification standard of buildings allowed for in the original concept design did not meet the standards for housing the machinery to be installed in them. The revised cost estimate allows for the amended building specification.
  - (g) The Education facility including skywalk were not included.
  - (h) Traffic impacts of the closure of Maleme Street and introduction of kerbside were unknown and not adequately considered.

#### The Works

25. The main differences from what is currently in place in Te Maunga to what is contained in the plans are as follows:
- (a) Domestic and commercial users will be split with commercial users going down tip lane.  
This will ease congestion entering site and on site. It will also make the site safer and suited for each type of site user. It also creates space between for waste operations such as shifting waste or recycling to occur.
  - (b) A Construction and Demolition Waste Facility will be created. This will have state of the art sorting equipment to divert recyclable material from construction and demolition waste.  
Our original application to the MfE outlined a goal of diverting 12,500t/annum of Construction and Demolition waste from landfill by year 3 of operation. This was based on only what we were seeing coming through our transfer station at the time. Market research in the has found that there is significantly more feedstock available, with estimates of up to 80,000t/annum. We see this as a significant opportunity to achieve much greater environmental outcomes and plan to install a plant (and building to house it) that can sort approximately 35,000t/annum of Construction and Demolition Waste (immediately on commissioning) by single shift operation and over 60,000t/annum by double shift operation.  
This is a significant cost increase from what was initially applied for due to the size of plant now required to meet that demand and the building required to house it.
  - (c) The Construction and Demolition Waste Plant will also process all non-compacted residential waste (that is brought in through the transfer station by the public), removing much of the recyclable material in it. As far as we are aware this will be a first in Aotearoa.  
This will mean that even more waste will be diverted from landfill.
  - (d) The current waste pit will be repurposed for Garden Waste drop off, with Waste dropped off in front of the Construction and Demolition Waste Facility.

- (e) The weighbridges will be separated and moved, and further space made for vehicles to queue at peak times rather than being on the road or affecting entry to the Recycling drop off area.

This is a significant cost increase as purchasing an additional weigh bridge and the earthworks and roading works associated with these changes are considerable. This will result in a quicker and safer experience for all on site.

- (f) The Recycling drop off area will be increased in size and covered to ensure a better experience and to allow for drop off for a wider range of materials.

- (g) A building will be constructed beside the recycling drop off area and will have space for operations like a tinker shed and upcycle shops. We will work with community groups about to secure the best tenants for this area with the focus on repurposing material brought to the drop off location.

This will mean that more material than before can avoid going to landfill and can be repurposed rather than recycled.

- (h) On the top floor of this building there will be an education facility with a sky walk to the Construction and Demolition Plant with views across the entire Resource Recovery Park and wider Te Maunga facilities. This will enable us to safely have schools and other groups at the transfer station, which we have not been able to do until now. Space for bus parking next to the facility will also be created to make this happen.

- (i) Further up Tip lane the current Composting Facility will be upgraded and enclosed to enable processing of Food Waste locally and to reduce odour issues.

This will mean that food waste will no longer need to go out of the region for processing and will make the entire area ready for proposed government changes to food waste, particularly for commercial businesses.

- 26. Initial work is due to begin at the end of this year with completion around the end of 2024. This will begin with the Construction and Demolition Waste facility, so that this will be ready and able to be used while the rest of the facility is being constructed and minimise disruption to the public.

#### **Funding**

- 27. We currently have over \$25m committed in external funding (including the MfE funding). The exact figure, and overall cost will not be known until detailed design is completed along with a Quantity Surveyor review. Given the huge shift in the diversion targets from the original concept we are in ongoing discussions with the MfE about increased funding, particularly as this is a facility that already caters to the sub region. This is because there is no transfer station in Western Bay of Plenty and no Construction and Demolition Facility like this outside of Auckland. We will pursue funding plans across the region commensurate to where benefits land, but this is yet to be completed.

- 28. At the outset of the project we had discussions with TECT and other funders about the education and community recovery facilities, given these will be spaces for our community and community organisations. Once detailed design has been completed, we will be in a better position to know the exact costs and further these discussions.

- 29. If the requests for increased funding are un-successful we would require an addition \$6m of Council investment.

#### **OPTIONS ANALYSIS**

- 30. There are two options for the Te Maunga Transfer Station:

- (a) Option 1: Full project scope as is currently planned
- (b) Option 2: Original scope as applied for funding to the MfE.

**Option 1: Full project scope as is currently planned**

This option would deliver the full scope as described above and in the **attached** designs.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Achieves all the project aims.</li> <li>• Is fit for purpose for the next 20-30 years</li> <li>• Best supports waste diversion.</li> <li>• Provides for traffic safety by stopping vehicles waiting in front of the site.</li> <li>• Provides a great community benefit than simply dropping off waste.</li> <li>• More likely to attract funding.</li> </ul>	<ul style="list-style-type: none"> <li>• Higher rates requirement if no further funding from external partners is approved.</li> </ul>

Budget – Capex: Estimated \$40m, requiring an additional \$6m if additional funding is not secured.

Budget – Opex: \$0 Site is leased to and managed by EnviroWaste

Key risks: That funding from an external funding partner(s) is not approved and Council needs to fund the full amount. Further Cost escalations.

Recommended? Yes

**Option 2: Original scope as originally applied for funding to the MfE**

31. Option 2 proposes the original scope as applied to MfE with a lower capacity Construction and Demolition Facility and scaled back upgrades to the recycling area. This option includes about \$14m external funding. This also does not include the following from option 1:

- (a) Construction and Demolition Waste Plant processing non-compacted residential waste.
- (b) Separation and movement of weigh bridges. (In option 2 minimum changes will still be made to the layout to improve safety and allow for stacking).
- (c) Education Facility.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Lower cost.</li> <li>• Improves current transfer station.</li> <li>• Improves waste diversion.</li> <li>• Provides a greater community benefit than simply dropping off waste.</li> </ul>	<ul style="list-style-type: none"> <li>• Will already be at or near capacity when built.</li> <li>• Less likely to attract further funding.</li> <li>• Tauranga focused and does not consider sub region and wider region needs.</li> <li>• Traffic safety issues will not be addressed</li> </ul>

Budget – Capex: Estimated \$35m requiring an additional \$5m if additional funding is not secured.

Budget – Opex: \$0 Site is leased to and managed by EnviroWaste

Key risks: That funding from an external funding partner(s) is not approved and Council needs to fund the full amount. Unlikely to improve traffic safety. Not fit for purpose or meets outcomes.

Recommended? No



#### RECOMMENDATION

32. Approving the increased scope and increased Council contribution of \$6m in option 1, with a report on a funding plan to follow if MfE funding to bridge the funding gap is not secured.

#### NEXT STEPS

33. Continue the detailed design and report back on proposed costs and timeline after Quantity Surveyor review.

#### SUBMISSIONS RECIEVED

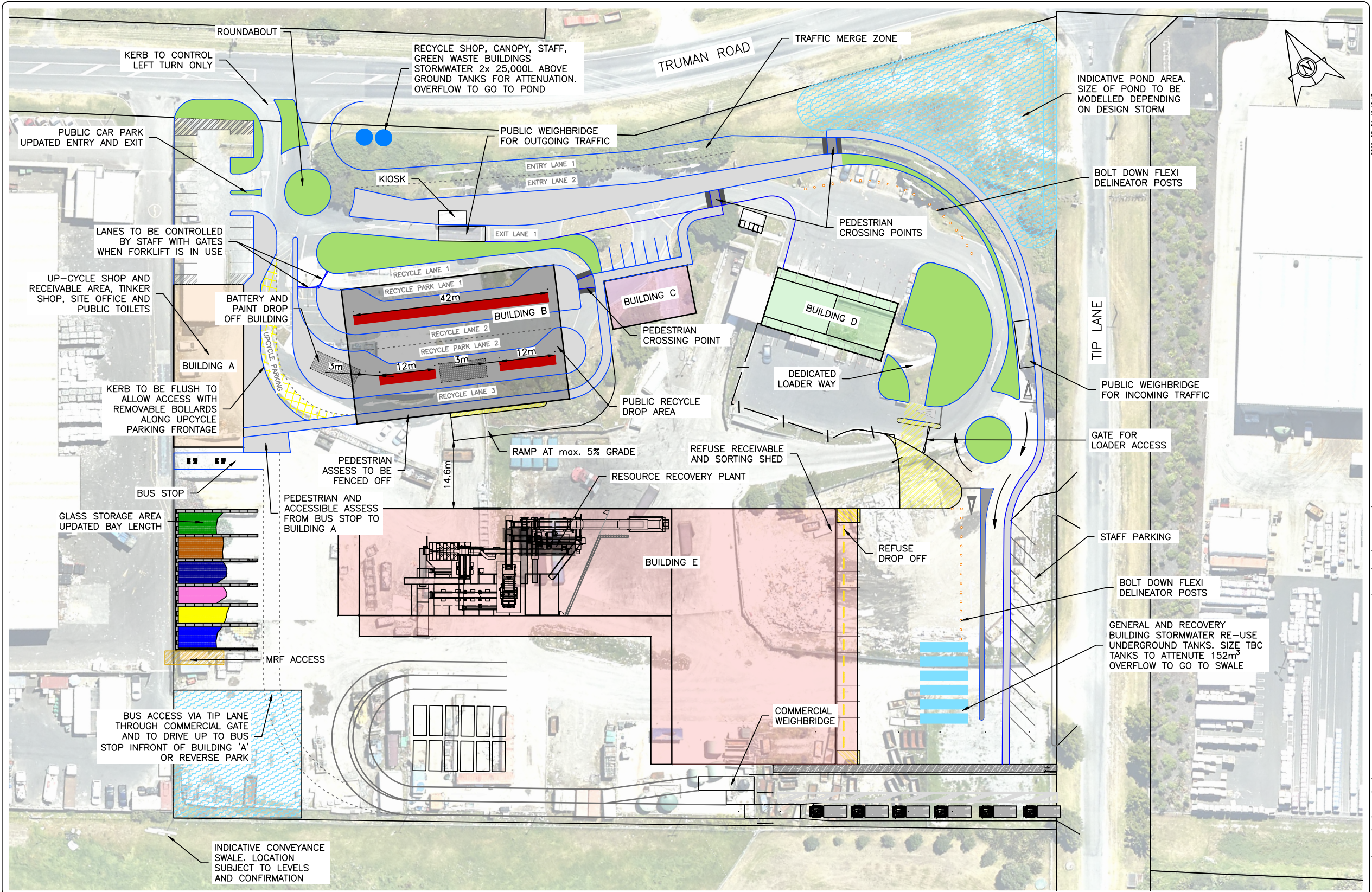
Submission #: 316, 811, 951, 1064

#### ATTACHMENTS

Nil

1. **Te Maunga Site Plan - A13475591**
2. **Construction, Demolition and Education Drawings - A13475590**

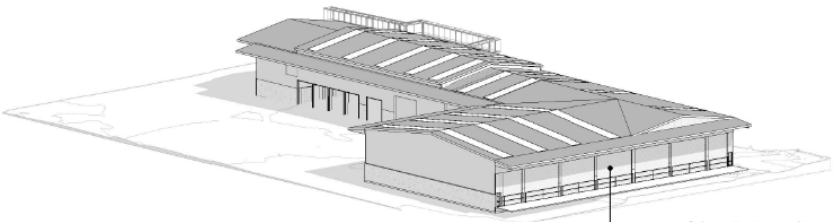
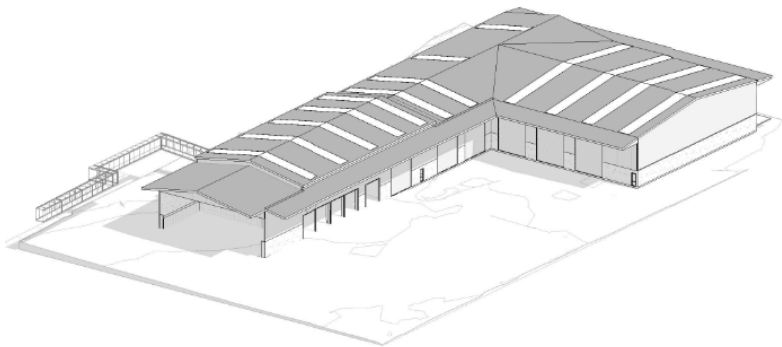




<div><div>TITUS</div><div>CONSULTING ENGINEERS</div></div>	<div>Level 3, 169 London Street, Hamilton, 3204 07 242 0017 www.tituscivil.co.nz office@tituscivil.co.nz</div>	DESIGNED	CHECKED	CLIENT	<div><div></div><div></div></div>	PROJECT	DRAWING	STATUS	PRELIMINARY					
		MC	-											
		DRAWN	APPROVED											
					TE MAUNGA ENVIROWASTE SITE UPGRADE 55 TRUMAN ROAD TAURANGA		OVERALL SITE PLAN ROUNDBOUT OPTION		DATE 01/03/2022					
									SCALE (ORIGINAL SIZE A3) 1:750					
									DRAWING NUMBER C2155- 1C -0152					
									REVISION D					



# Building E – General Waste Facility



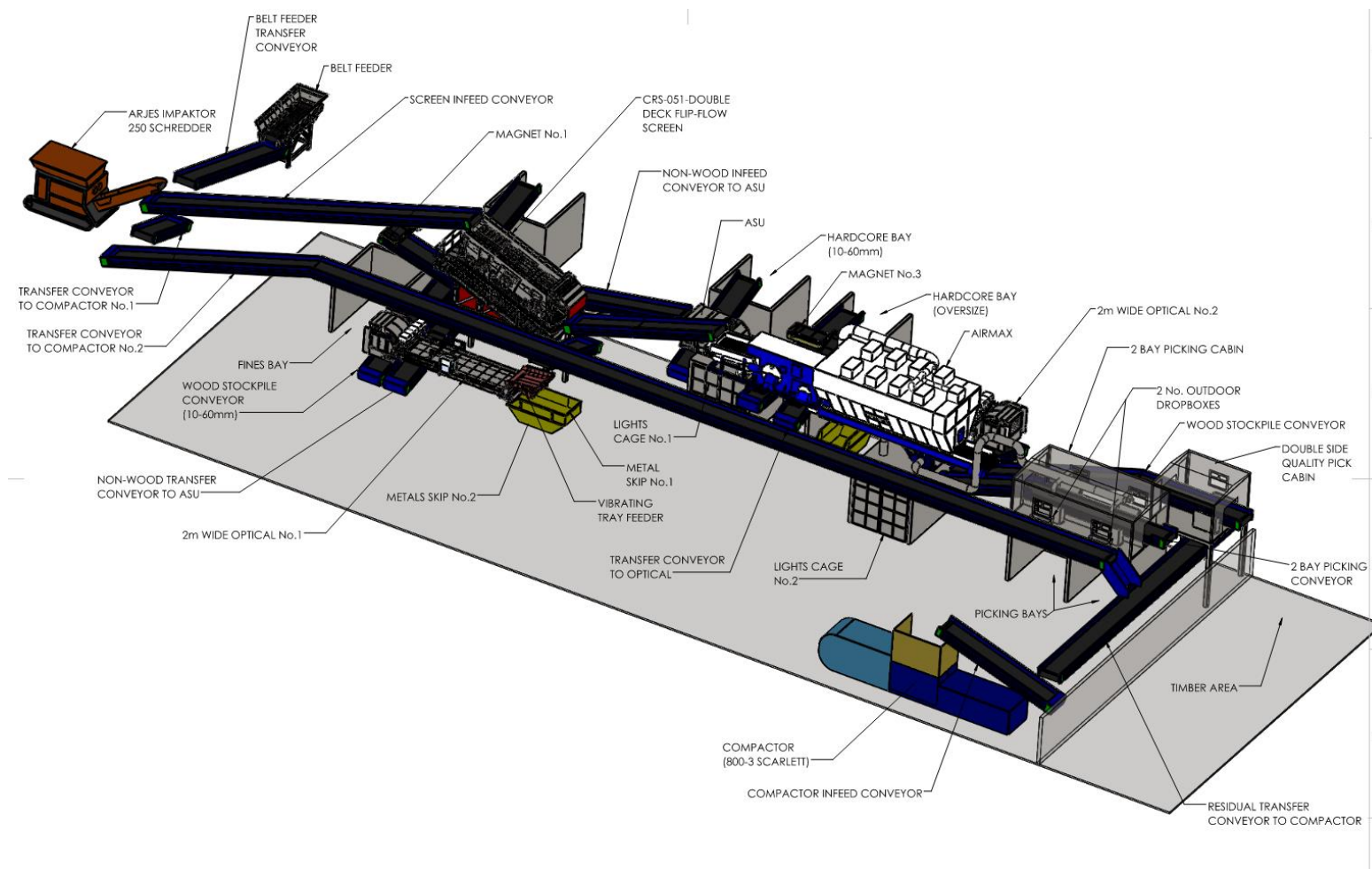
1 Looking towards northeast  
@ A3

Roller shutter door at oil bays.  
Barriers to front of Roller  
shutter door.

2 Looking towards northwest  
@ A3



## Building E – Resource Recovery Plant





**Title: Issues and options – Kingswood Road Traffic Calming****File Number:****Author:** Philippa Browne, Senior Traffic and Safety Engineer**Authoriser:** Nic Johansson, General Manager: Infrastructure**ISSUE**

1. Local neighbourhood petition from Kingswood Road residents requesting speed calming, received as an annual plan submission.

**ANALYSIS OF SUBMISSION POINTS**

2. 76 residents of Kingswood Road and associated side roads in Brookfield have signed a petition seeking a safer environment for residents and visitors by installing speed calming measures. The petition was received at the Council meeting of 23 May.
3. The submission describes anti-social driving behaviour including extreme speed, sustained loss of traction (burn-outs), and dangerous manoeuvres. Vehicles are described as cars, motorbikes, ATV style vehicles and modified tractor/mowers.

This report responds to both the submission and the petition provided to Council.

**DISCUSSION AND ANALYSIS**

4. Kingswood Road is 1.1 km long, there is a 400m straight section at the start from its intersection of Bellevue Road before becoming generally curvilinear and terminating in a cul de sac. There are numerous side roads (also cul de sacs). There is no vehicle through route or connection out of this local area.
5. Kingswood Road is residential, there are no commercial properties on Kingswood Road or its' side roads. The function of the road is for local access.
6. The most recent speed count data was undertaken in December 2021. This was measured 180m from the intersection with Bellevue Road. the table below outlines the results and compares with other similar streets to Kingswood Road;

Road	Avg 5-day Volume	Vehicles exceeding speed limit	85 <sup>th</sup> Percentile Speed
<b>Kingswood Road</b>	<b>2,450</b>	<b>63%</b>	<b>59 km/h</b>
Windermere Drive	4,531	57%	59 km/h
Coopers Road	1,114	42%	58km/h
Stirling Gate Drive	1,489	22%	52km/h
Queen Road	2,509	26%	52 km/h
Hollister Lane	2,865	25%	52 km/h

7. This data confirms there is a speed problem on Kingswood Road, and it is comparatively severe.
8. The TCC Traffic and Safety team are in agreeance that there is a need for speed calming devices on Kingswood Road.
9. There are 4 reported crashes on Kingswood Road and side roads in the last 5 years. They were all non-injury and occurred in the dark. (source: CAS data, Waka Kotahi NZTA)

## OPTIONS ANALYSIS

10. In 2022/23 Tauranga City Council is required to undertake a Speed Management Plan. This is a result in changes to the setting of speed limits, though the new Land **Transport Rule: Setting of Speed Limits 2022 (the Rule)**, it forms the regulatory framework designed to improve how road controlling authorities plan for, consult on, and implement speed management changes. The Rule replaces the previous Land Transport Rule: Setting of Speed Limits 2017.
11. The Rule requires a regional speed management planning approach on a three-year cycle (that aligns with the three-year cycle of the National Land Transport Programme). This brings together infrastructure investment decisions and speed management decisions through a speed management planning process aligned with the regional land transport planning process
12. The Speed management plan will identify safe and appropriate speeds for all Tauranga City Roads. It is expected that residential roads such as Kingswood Road will be reduced to a 40km/h speed limit, and that supporting infrastructure (such as speed calming devices) are installed.
13. The Rule expects that supporting infrastructure is installed on roads so that means speeds are no more the 10% greater than the posted speed limit.

### Option 1: Install Speed Management Devices as a matter of urgency

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Addresses safety concerns</li> <li>Data implies that this would rank highly in any future prioritisation process (i.e., would not be out of context)</li> </ul>	<ul style="list-style-type: none"> <li>Will pre-empt speed management plan prioritisation process</li> </ul>

Budget – Capex: \$250,000 from Speed Management Programme

Budget – Opex: \$50,000 per year maintenance costs ongoing.

Key risks: may pre-empt prioritisation process for other high-risk roads.

Recommended? Yes

### Option 2: Retain the status quo

14. Do nothing until the speed management plan has been developed and prioritisation of all roads in the city is undertaken.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Will ensure a measured and consistent approach to infrastructure spend</li> </ul>	<ul style="list-style-type: none"> <li>High speeds in a residential neighbourhood will have an ongoing risk of serious or fatal crash.</li> </ul>

Budget – Capex: \$0

Budget – Opex: \$0

Key risks: Serious or Fatal Crash.

Recommended? No

#### **RECOMMENDATION**

15. Undertake design and installation of speed management devices on Kingswood Road.

#### **NEXT STEPS**

16. Progress design and installation of speed management devices on Kingswood Road through the Speed Management Programme

#### **SUBMISSIONS RECIEVED**

Submission #: 983-2022-23

#### **ATTACHMENTS**

Nil



## 11.9 Rating Policy Proposals

**File Number:** A13412977

**Author:** Malcolm Gibb, Project Manager - Rating Review

Kathryn Sharplin, Manager: Finance

Jim Taylor, Transactional Services Manager

**Authoriser:** Paul Davidson, General Manager: Corporate Services

### PURPOSE OF THE REPORT

1. The report considers the community feedback on the draft 2022/23 Annual Plan on options to amend the Rating Policy regarding the funding of the transport network.

### RECOMMENDATIONS

That the Council:

- (a) Receives the Deliberations Report – Rating Policy Proposals.
- (b) Approves the commercial and industrial sector contributing a larger share of the rate funding for the transportation activity.
- (c) Approves a phase-in period of two years for changes to the differentials:
  - (i) Commercial and industrial general rate differential to move to 1.9 in 2022/23;
  - (ii) Transportation targeted rate differential for commercial and industrial ratepayers to move to 3.33 in 2022/23;
  - (iii) Includes a second increase in the commercial and industrial general rate differential to 2.13 in the 2023/24 Annual Plan process;
  - (iv) Includes a second increase in the transportation targeted rate differential for commercial and industrial ratepayers to 5 in the 2023/24 Annual Plan process.
- (d) Requests staff to continue to look at further options for the appropriate rating of the commercial and industrial sectors.

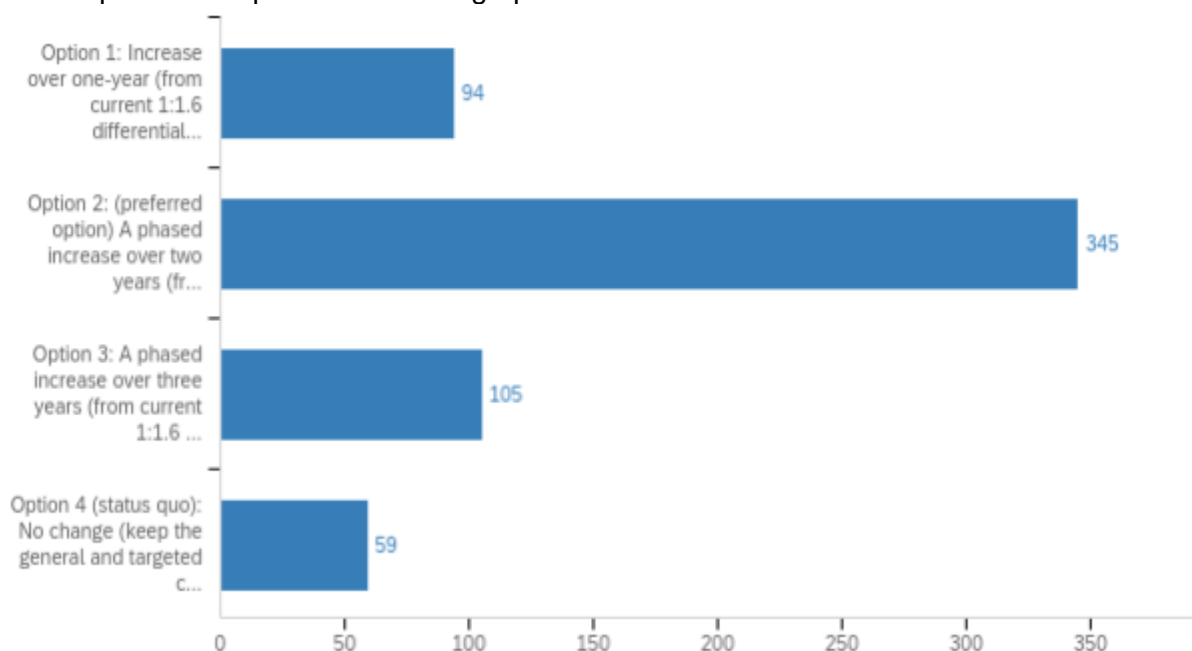
### EXECUTIVE SUMMARY

2. The Rating Policy proposal was to initiate a change for the commercial and industrial sector to contribute a larger share of the rate funding for the transportation activity.
3. The recommended option for inclusion in the 2022/23 Draft Annual Plan was to provide a phase-in period of two years, 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. The decision recommendations for the Annual Plan apply for the 2022/23 financial year; the further increases to the commercial differentials would be included as part of the 2023/24 Annual Plan process.
4. There were three other options provided in the 2022/23 Draft Annual Plan - to introduce this increase over one year, three years or to maintain the status quo with a differential of 1:1.6.
5. There was significant support for this proposal, the main issue being the speed at which the re-balancing should take place, with the strongest support for a two-year phase-in period.
6. The other issues raised by submitters focussed on the affordability of the proposed change to businesses, support for the re-balancing between the residential sector and the commercial and industrial sector, concerns about the understandability of the proposal and the delivery of the infrastructure to provide the benefits being funded by rate revenue.

7. A peer review was requested by Commissioners on the work completed by Insight Economics to assess the fairness of the funding mix for the City's transport network. This peer review has been completed by Gray Matter, who are consulting engineers based in Hamilton.
8. Gray Matter have analysed the daily and hourly trip data and made comments about the inputs used by Insight Economics. Their report concludes that "Based on this indicative assessment my recommended trip generation rates have had a small impact (1-5%) on individual land uses, but the proportion of residential trips 46-53% is broadly aligned with the 48% from the Report". The report is attached as Attachment A.

## BACKGROUND

9. There was a total of 1181 submissions received on the draft 2022/23 Annual Plan (including the 417 Tauranga Ratepayer Alliance submissions). 626 submissions were received which referred to this topic, featuring in over 50% of the total submissions. Consequently, it seems reasonable to conclude this topic was of high interest and relevance to submitters.
10. 605 submitters provided a response (and comments in 101 instances) on their preferred option to this topic from the options in Question 4 in the proforma submission form and a further 21 provided submissions in a different way.
11. This topic was one of five which were included in the form and the specific question asked was Q4. How quickly should we change the commercial differential on the general and transportation targeted rates?
12. The responses are presented in the graph below.



13. Of the 605 responses to these options. 10% (59) of submitters preferred the status quo and 90% (546) supported a change, with 16% (95) supporting a one-year adoption, 57% (345) with a two-year phase-in period and 17% (106) with a three-year phase-in period.
14. The comments provided by these submitters (101 in total) have focussed primarily on the themes of the
  - Importance of a phase-in period for businesses to adjust to the higher level of rates (18 comments)
  - Affordability of the proposed change to businesses during these challenging times (22 comments)

- Re-balancing of rate revenue between the residential sector and the commercial and industrial sector so the allocation between these sectors is fairer, although 10% of submitters did support the status quo (40 comments)
  - Understandability and clarity of the proposal where submitters found the proposal difficult to understand or not clearly enough explained (8 comments)
  - Delivery of the transport infrastructure from the funding provided by ratepayers so the benefits of an efficient transport network can be realised (3 comments)
  - No specific comments on this topic (10 comments)
15. The other 21 submitters raised similar points but with more focus on the themes of:
- the re-balancing aspects of the policy, particularly that not all businesses have the same impact on the network - usually related to the nature of the business they operate
  - the importance of the phase-in period
  - some stronger views on the affordability of the policy change to commercial and industrial businesses particularly in the current economic climate
16. While the key stakeholder entities of Priority One, Mainstreet, Sustainable BOP and the Chamber of Commerce supported the re-balancing of the rate, the Urban Task Force (UTF) and The Property Council did not.
17. Specific additional points from key stakeholder entities included:
- Strong expectation that facilities and infrastructure would be delivered in line with the step change in rates (Priority One)
  - Expectation of meaningful outcomes for this increased investment (Mainstreet)
  - Delivery of current projects on time and on budget so the community can build confidence in Council's ability to deliver the current transport projects as promised (Chamber of Commerce)
  - Continue to look at the need for additional rating categories across the commercial and industrial sectors, to ensure that there is fairness and equity in rating distribution, subject to the new categories having efficient administration costs and robust rationale (Chamber of Commerce)
  - Concern that these changes will depress business activity and work against the revitalisation of the City that the Council is encouraging and will place further financial pressure on commercial businesses in the current economic environment (UTF)
  - A proposal that Council end the disproportionate and inequitable use of commercial rate differentials and the transport rate differential (The Property Council). *Note: The Property Council expressed a concluding view to support Option 4 - which is for no change to the existing differential.*
18. The Port of Tauranga Limited (POTL) did not submit specifically on this topic but did provide comment on two significant points for the funding of the Transport System Plan (TSP):
- Need for wider transport infrastructure for freight movements including the City's local roads to ease and to improve the potential of the strategic transport corridors
  - Early delivery of improvement works providing access to the Port (Totara Street/Hewletts Road)
19. In February, a peer review was requested by Commissioners on the work completed by Insight Economics to assess the fairness of the funding mix for the City's transport network. This peer review has been completed by Gray Matter, who are consulting engineers based in Hamilton.

20. Gray Matter has analysed the daily and hourly trip data and made comments about the inputs used by Insight Economics. The peer review concludes that “Based on this indicative assessment my recommended trip generation rates have had a small impact (1-5%) on individual land uses, but the proportion of residential trips 46-53% is broadly aligned with the 48% from the Report”. The report is attached as Attachment A (A13423255).

## STRATEGIC / STATUTORY CONTEXT

21. This report presents the options provided in the draft 2022/23 Annual Plan and those provided by submitters to the draft Plan. The requirement to consider the submissions on this topic are set out in the Local Government Act 2002. The principal objective of this proposal is to seek a better balance between those who benefit and those who pay for the transport network in Tauranga.

## OPTIONS ANALYSIS

22. The following options were considered for the draft 2022/23 Annual Plan. The options are based on recognising, through rating differential, the more than 50% benefit share received by the commercial sector relative to the residential sector from the transport network. The options consider both the commercial differential on the general rate (which funds most of the transportation activity) and the differential on the transport targeted rate which targets the operating costs of new capital projects.

23. Option 1: Increase in commercial rating differentials implemented next year

If the proposed change to funding the transportation activity to 50/50 on the residential and commercial sectors was implemented in one year the:

- Differential on the general rate would increase from 1.6 to 2.13 and the differential on the transportation targeted rate would increase from 1.6 to 5.
- Overall rates allocation would be 27% commercial / 73% residential in 2022-23 (year one).
- Impact on residential ratepayers would be a lower increase than the status quo in rates of between 2-7% and the impact on commercial ratepayers would be a higher increase than the status quo.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>- Immediately resets the transportation targeted rate and general differential to a recommended level and funding mix 27:73</li> <li>- Bigger re-balance to reduce rate impact (2-7%) to residential sector</li> <li>- Aligns with Metro councils</li> </ul>	<ul style="list-style-type: none"> <li>- Large rate rise (+30%) for the commercial and industrial sector</li> </ul>

<b>Key risks</b>	Greater impact on the commercial and industrial sectors
<b>Recommended?</b>	No

24. Option 2: Increase in commercial rating differentials phased over a two-year period.

If the proposed change was implemented over two years, the:

- Differential on the general rate would increase in the first year from 1.6 to 1.9 and the differential on the transportation targeted rate would increase from 1.6 to 3.33.
- Overall rates allocation would be 25% commercial / 75% residential in 2022-23 (year one).

- Impact on residential ratepayers would be between 5-9% and the impact on commercial ratepayers would be between 24-28% in year one. In year two, the transportation targeted rate would move to 5 and the general differential to 2.13.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Provides a lead in time to move to a higher commercial share of rates</li> <li>Provides the re-balance in funding by Year 2</li> <li>More moderate rate rises to all sectors</li> <li>Aligns more with Metro councils over a two-year period</li> </ul>	<ul style="list-style-type: none"> <li>Large rate rise (+24%) for commercial and industrial sector albeit phased over a two-year period</li> </ul>

<b>Key risks</b>	Impact on the commercial and industrial sectors albeit phased over a two-year period
<b>Recommended?</b>	<b>Yes</b>

25. Option 3: Increase in commercial rating differentials phased over a three-year period.

If the proposed change was implemented over three years, the:

- Differential on the general rate would increase in the first year from 1.6 to 1.8 and the differential on the transportation rate would increase from 1.6 to 2.51.
- Overall rates allocation would be 25% commercial / 75% residential.
- Impact on residential ratepayers would be between 7-10% and the impact on commercial ratepayers would be between 21-23% in year one. In year two, the transportation targeted rate would move to 3.33 and then 5 in year three. Similarly, the general differential would move to 1.9 in year two and then 2.13 in year three.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Provides a longer lead in time but does get to the desired higher differential and overall funding mix</li> <li>Higher rate rise (+7%) for residential sector in earlier years</li> <li>Lag before alignment with Metro councils</li> </ul>	<ul style="list-style-type: none"> <li>Least rate rise (+21%) for commercial and industrial sector which places more pressure on the residential rate increase</li> </ul>

<b>Key risks</b>	<ul style="list-style-type: none"> <li>Higher rating increase to the residential sector in early years</li> <li>Lack of alignment with the proposed Infrastructure Funding and Financing levy</li> </ul>
<b>Recommended?</b>	No

26. Option 4 : Status quo – no change to the current commercial and residential rating differentials

This would see no change to the commercial differential from the existing level of 1.6. The rating mix would remain approximately 23%/77% commercial/residential with the share of rating from the commercial sector below comparable cities.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>- Maintain the current balance of funding</li> <li>- Rates rises are consistent across all sectors</li> </ul>	<ul style="list-style-type: none"> <li>- Residential sector continues to pay more than the benefit received</li> <li>- Inconsistent with direction signalled in Long Term Plan</li> </ul>

<b>Key risks</b>	<ul style="list-style-type: none"> <li>- Community response likely to be more limited</li> <li>- Not achieving fairness and equity in the rating policy</li> <li>- Infrastructure Finance and Funding levy differential not set at the right level</li> </ul>
<b>Recommended?</b>	No

27. The recommended option included in the 2022/23 Draft Annual Plan was option 2 which provides for a phase-in period of two years.
28. This provides a funding split which is consistent with the intentions of the Commissioners, the independent analysis by Insight Economics, the peer review by Gray Matter and is supported by over 90% of the submitters to the draft 2022/23 Annual Plan who responded on this topic.
29. The outcome of Option 2 is also largely consistent with comparable Councils in NZ who are facing similar funding challenges.

### FINANCIAL CONSIDERATIONS

30. The estimated financial impacts of the various options are included in the tables above, subject to final budgets and growth in rating units and capital value.

### LEGAL IMPLICATIONS / RISKS

31. The LGA 2002 requires Council to consult on the proposal included the draft Plan and this report forms part of this process. The proposed amendments to the Rating Policy are subject to the provisions of the Rating Act 2002. The current Annual Plan process applies to the 2022/23 financial year; the proposed two-year phasing of the increases in the commercial differential will need to be considered as part of the 2023/24 Annual Plan process.

### CONSULTATION / ENGAGEMENT

32. This report presents the responses received from submitters to the proposal included in the draft Plan and follows a consultation and engagement process which has included presentations with Priority One and Chamber of Commerce members during February and March and the wider community during March and April 2022.

### SIGNIFICANCE

33. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
34. In making this assessment, consideration has been given to the likely impact, and likely consequences for:

- (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  - (b) any persons who are likely to be particularly affected by, or interested in, the proposal.
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
35. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the proposal is of high significance.

### ENGAGEMENT

36. Taking into consideration the above assessment, that the proposal is of high significance and has been publicly consulted on through the draft Annual Plan process, officers are of the opinion that no further engagement is required prior to Council making a decision.

### NEXT STEPS

37. Decisions on amendments to the Rating Policy will be incorporated into the financial information prepared for the 2022/23 Annual Plan, the rate revenue to be assessed for the 2022/23 financial year and applied from 1<sup>st</sup> July 2022.

### ATTACHMENTS

1. **Attachment A 2022-03-28-Transport-Funding-Peer Review Gray Matter (A13423255) - A13457546** [↓](#)

28 March 2022

Malcolm Gibb  
Tauranga City Council  
Private Bag 12022  
Tauranga 3143



Gray Matter Ltd  
2 Alfred Street  
PO Box 14178  
Hamilton, 3252  
Tel: 07 853 8997

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Dear Malcolm

## PEER REVIEW OF TRANSPORT NETWORK FUNDING – STAGE 1

### 1. Introduction

Tauranga City Council (TCC) is currently reviewing its approach to funding transport activities to ensure that each rating group is paying an appropriate share of the transport costs incurred by TCC.

Insight Economics has completed an assessment considering the need for and/or merits of:

- = Altering the share of transport rates between the two existing residential and commercial ratepayer groups, and/or
- = Identifying new ratepayer groups and resetting transport rates accordingly.

TCC has engaged Gray Matter Ltd to review the transport inputs and assumptions used in the Insight Economics report<sup>1</sup> (the "Report") as Stage 1. In Stage 2 we will complete more detailed transport analysis to better understand the split of transport cause and benefits to more fairly allocate costs between the residential and commercial rating units.

### 2. Assessment of Tauranga City Council's Transport Activity Funding

The key points from the review, paraphrased, are that:

- = Benefit allocation is based on the direct benefits accruing to users of the road network using the number of vehicle trips (peak hour or daily).
- = Benefits derived from other transport modes, such as public transport, or wider indirect benefits of the transport network are not considered.
- = Different ratepayer groups cause the need for, and benefit from, spending on the city's roading network.
- = Funding options that are simple, transparent, and therefore easy to explain are preferred.
- = Typical trip generation rates were applied to building gross floor areas (GFA) with adjustments made to reflect primary vs diverted and pass-by trips and mix of heavy and light vehicles.
- = Commercial land uses (commercial, retail and industrial) fund 20% of the transport rates but generate more than 50% of the daily and peak hour trips.
- = The differences between the proportion of trips and the proportion of transport rates across the three non-residential groups do not warrant disaggregating the commercial ratepayer group.
- = Insight Economics recommends that TCC's existing ratepayer groups be maintained, but that the funding split between residential and non-residential ratepayers for transport activities be reviewed.

<sup>1</sup> Assessment of Tauranga City Council's Transport Activity Funding, 21 February 2022, Insight Economics



### 3. Review and Discussion

#### 3.1. Exclusions

We have not reviewed the detailed assessment or calculations presented in Section 5 (Potential New Ratepayer Groups), Section 6 (Current Transport Rates by Group) or Section 8 (Current Funding vs Trip Demand) of the Report.

We have not repeated the calculations of trip presented in Section 7 (Trip Shares by Land Use). We have focussed our assessment on the assumptions and inputs used in that analysis.

#### 3.2. Trip Generation

##### 3.2.1. Step 1: Trip Rates

Table 3 of the Report presents seven land use categories adopted in the analysis based on the trip generation data in the NZ Transport Agency Research Report 453 (RR453)<sup>2</sup> which was published in 2011.

The Trips Database Bureau (TDB) formed following the commission of two research reports by Transfund (Research Reports 209 and 210) and includes data presented in RR453. These reports formed the basis of the TDB database and since 2002 the database has been added to and updated with new survey information. The TDB database was last issued in 2018. The TDB has now been integrated into TRICS<sup>3</sup>, a UK based system for trip generation surveys and analysis. We note that the majority of the data in the TRICS database is from the UK.

In our view the TDB database from 2018 represents a better data set for comparison of rates to inform review of Council's funding Policy than RR453 because it includes more current data.

Land Use	Unit of Measure	Report Rates		Comment	Recommended Rates <sup>4</sup>	
		Daily Trips/ Unit	Peak hour trips/ unit		Daily Trips/ Unit	Peak hour trips/ unit
Commercial	100sq.m GFA	19.6	1.6	Update rate to TDB 2018	17.4	2.3
Small shopping centre (<4,000sq.m)	100sq.m GFA	92.0	14.6	Update rate to TDB 2018	74	12.4
Medium shopping centre (4,000-10,000sq.m)	100sq.m GFA	77.3	12.2	Update rate to TDB 2018	47	10.8
Large shopping centre (>10,000sq.m)	100sq.m GFA	62.4	7.1	Update rate to TDB 2018	24	6.0
Service station	100sq.m GFA	449.0	65.1	Recommend deleting this land use, refer discussion below	Delete	Delete
Other industry (excluding Port)	100sq.m GFA	8.9	1.1	Refer discussion below	6.2	0.8 - 1.1
Residential	Household	10.0	1.1	Revise daily rate to 9.5	9.5	1.1

**Table 1: Trip Generation Rates (Report, Table 3)**

The TDB contains survey of office activities with different rates to that of RR453, slightly lower daily rate and higher peak hour rate. The TDB retail/ shopping centre rates are slighter lower than published in RR453.

RR453 provides trip rates for different type of residential unit: Inner City (multi-unit), Inner Suburban and Outer Suburban. The Inner City rate is based on a very limited number of surveys of apartments located within the Christchurch central city and should be used with caution. The Report has used the Inner Suburban

<sup>2</sup> <https://www.nzta.govt.nz/resources/research/reports/453/>

<sup>3</sup> <http://www.trics.org>

<sup>4</sup> The rates are derived by filtering surveys based on land use type can calculating the 50% trip generation rate. Assumptions made in the analysis of industrial land uses is discussed within our review.

rate which we consider most appropriate, although we note that the published rate was 9.5 trips/day/unit (not 10 trips/day/unit as stated in the Report).

We would advise caution in applying GFA based trip generation rates for service stations. Much of the survey data used in was collected in the 2000's and earlier and the nature of service station offerings has changed with full service stations providing retail and car wash, etc. and self-service stations with no retail (i.e. no GFA). In our view the relationship between GFA and trip generation is not reliable for service stations. In general, trip generation for service stations is assessed as 2.5% to 5% of the passing traffic volume. We recommend that the service station land use is not used in this analysis.

In a previous analysis of the TDB data for HCC<sup>5</sup> we recommended an industrial trip rate of 6.2 trips/day/100sq.m GFA. The HCC assessment included all land uses within the industrial category which covers commercial, industrial park, manufacturing, storage and vehicle testing. Analysis of the hourly surveys shows a trip generation rate of 0.8trips/hour/100sq.m GFA, but 40% of the surveyed sites are based on storage activities. If the storage activities are excluded from the analysis the trip rate is 1.1 trips/hr/100sq.m GFA. The hourly rate used in the Report is considered appropriate for this analysis.

The Report uses an industrial trip rate of 8.9 trips/day/100sq.m described as a weighted average rate of manufacturing and warehouse survey data. The TCC City Plan definition of Industrial zone provides for a wide range of activities

*Buildings or land used for the manufacture, dismantling, processing, assembly, treating, testing, servicing, maintenance, storage or repairing of goods, products, articles, materials or substances and includes premises on the same land used for:*

- a) *The selling of goods by wholesale;*
- b) *The provision of amenities for employees;*

As the industrial zones in TCC provides for a range of industrial type activities including high (e.g. wholesale retail, manufacturing) and low (e.g. storage, warehousing) trip generating activities it may be more appropriate to use a rate of 6.2 trips/day/100sq.m GFA.

We have assumed that the Port trip generation data provided in Table 4 of the Report is accurate and not reviewed the raw data provided by Council.

### **3.3. Step 3: Estimate Daily and Peak Hour Trips**

The light vehicle/ HCV splits describe in the Report (Table 5) were sourced from mobileroad.org. That website collates and presents Council's traffic volume data. It is important to note that Council does not complete traffic surveys on all roads on the network and a large portion of the information included in mobileroad.org are estimates and not actual current counts.

Residential activities do generate some heavy vehicle trips including refuse collection, public transport, deliveries, furniture removal and emergency vehicles. Assuming 0% HCV is not strictly correct. The proportion of HCV trips is likely to be low (<5%) and 0% is appropriate for the purpose of this assessment.

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<sup>5</sup> HCC Development Contributions Policy Review of Transport Demand Conversion Factors, Gray Matter Ltd, March 2021

Table 5: Vehicle Weight Assumptions by Land Use Type

Land Use Category	Car / Light CV	HCV
Commercial	95%	5%
Small shopping centre	95%	5%
Medium shopping centre	95%	5%
Large shopping centre	95%	5%
Service station	95%	5%
Other industry	90%	10%
Residential	100%	0%

Recent traffic counts for selected streets provided by TCC indicate that some industrial roads (e.g. Birch Ave, Totara St and Taurikura Drive) have 15-20% heavy vehicles so the 10% (Insight, Table 5) appears low for an industrial road. However, on many of these roads the majority of these heavy vehicles were classed as Medium Commercial Vehicles, i.e. buses and light trucks. Traffic counts of residential streets showed 2-5% heavy vehicles so the 0% used in the Report is also low.

There are a wide range of heavy vehicles including trucks, truck and trailers, buses, and specialist vehicles such as tractors. By definition<sup>6</sup> a heavy vehicle is one with a maximum gross vehicle mass over 3,500kg and The relative impact of heavy vehicles on the road pavement depends on the size of the vehicle and the load it carries. For example a bus is likely to create less impact on the road pavement compared to a fully loaded truck and trailer unit carting material to/from the port. We will consider this in our Stage 2 analysis.

In general, it appears that the HCV percentages used in the Report are low for all land uses. This is likely to result in the Report underestimating the number trips across all land uses. However, the assumed HCV proportions for retail and commercial activities appear reasonable for the purpose of this assessment.

We recommend that vehicle classification be considered in more detail at Stage 2. This could include more detailed assessment of heavy vehicle movements considering the adjacent land use/ zone, vehicle classification and by road hierarchy/ ownership (state highways vs TCC arterial roads vs TCC local roads).

### 3.4. Step 4: Adjust for Diverted and Pass-by Trips

The Report relies on our earlier assessment<sup>7</sup> of diverted and pass-by trips completed for HCC.

The ITE data source for that assessment did not include diverted or pass-by rates for office/ commercial or industrial land uses. For the purpose of this assessment, we consider it is appropriate to assume 0% diverted and pass-by trips for commercial and industrial land uses.

The information presented at Table 7 of the Report accurately reflects the recommendations of our earlier assessment, except that service stations were not included in our earlier analysis. Elsewhere in this review, we have recommended that the service stations land use be deleted from the analysis.

### 3.5. Impact on Trip Generation

I have not completed a parallel assessment of trip generation but have tested the impact that our recommended trip generation rates in Table 1 may have on the outcome of the Report.

I have compared my recommended trip generation rates (Table 1) to the rates used in the Report (Report, Table 3) and calculated the percentage change in the trip generation rate. This percentage was applied to the adjusted daily and peak hour trips (Report, Table 8) to give a high level indication for the scale of change.

The values below should be used with caution especially as they do not accurately split retail trips. The Report combined all three retail land uses (small/ medium/ large shopping centres) into a single item and it has not been possible to split them out. Retail trips make up 16% of daily trips and 20% of hourly trips.

<sup>6</sup> <https://www.nzta.govt.nz/assets/resources/factsheets/13a/docs/13a-heavy-rigid.pdf>

<sup>7</sup> HCC Development Contributions Policy Review of Transport Demand Conversion Factors, Gray Matter Ltd, March 2021

Based on the difference in the trip generation rates for the three land uses I have assumed 30% reduction for daily trips and 15% reduction for hourly trips (these values are indicated in italics in Tables 2 and 3).

Based on this indicative assessment my recommended trip generation rates have had a small impact (1-5%) on individual land uses, but the proportion of residential trips 46-53% is broadly aligned with the 48% from the Report.

Land use	Report Daily Trips	Reduction in Trip Rate	Updated Daily Trips	Updated Daily Share	Report Daily Share
Commercial	213250	11%	189793	20%	19%
Industrial	199620	30%	139734	14%	18%
Retail	181970	30%	127379	13%	16%
Residential	541210	5%	514150	53%	48%
<b>Total Daily Trips</b>	<b>1136050</b>		<b>971055</b>		

**Table 2: Impact of Recommended Trip Rates on Daily Trips**

Land use	Report Peak Hourly Trips	Reduction in Trip Rate	Updated Peak Hour Trips	Updated Peak Hour Share	Report Peak Hour Share
Commercial	17410	-44%	25027	19%	14%
Industrial	24470	0%	24470	19%	20%
Retail	23340	15%	19839	15%	19%
Residential	59530	0%	59530	46%	48%
<b>Total Hourly Trips</b>	<b>124750</b>		<b>128866</b>		

**Table 3: Impact of Recommended Trip Rates on Hourly Trips**

#### 4. Conclusion

We have review the transport related assumptions and analysis in the Report and recommend some changes to the inputs to align with the Trips Bureau Database published in 2018 which supersedes the information in Research Report 453. These changes include:

- = Minor changes to the trip generation rate as outlined in Table 1 above.
- = Deleting the service station land use from the analysis.
- = Considering an industrial trip rate of 6.2 trips/day/ 100sq.m GFA.

In general, it appears that the HCV percentages used in the Report are low for all land uses and further assessment is required to understand the impact of heavy vehicle trips.

Thank you for the opportunity to work with you on this project. We look forward to being of assistance during Stage 2 of the review.

If you have any queries, please do not hesitate to contact us.

Yours sincerely

*AJ Black*

Alastair Black  
Transport Engineer

**11.10 Submissions on the 2022/23 Development Contributions Policy****File Number: A13349654****Author: Ana Blackwood, Senior Advisor: Growth Funding****Authoriser: Christine Jones, General Manager: Strategy & Growth****PURPOSE OF THE REPORT**

1. The purpose of the report is to consider and respond to matters raised by submitters through the consultation of the 2022/23 Draft Development Contribution Policy (DCP).

**RECOMMENDATIONS**

That the Council:

- (a) Approve the responses to external submissions received on the draft 2022/23 Development Contributions Policy as set out in Attachment A and any consequential amendments required to the 2022/23 Development Contributions Policy and Annual Plan.

**EXECUTIVE SUMMARY**

2. Council received 15 submissions in relation to the Draft 2022/23 DCP. Three were in relation to Retirement Villages, eight were from large organisations and developers and four from individuals.
3. The attachments to this report set out the key submission topics and the proposed responses to each. If these are approved at today's meeting the responses will be sent to the relevant parties.
4. There will be some amendments required to the DCP in response to these submissions, but none of high significance.

**DISCUSSION**

5. 15 submissions were received on the draft 2022/23 Development Contributions Policy. Attachment A sets out a list of the submitters alongside a summary of the submission topics and a proposed response to each. Where submission topics were similar these have been grouped into one response.

**Retirement Villages**

6. Three of the submissions received were relating to Retirement Villages and requesting that TCC add a charging category to reflect the lower demand profile of retirement villages. We have received submissions of a similar nature in the past but have not had sufficient evidence of infrastructure demand data to support a recommendation to amend the existing charging categories.
7. To help respond to the submission points raised we have requested a report from an external consultant in relation to the demand profiles of retirement village units compared to other development typologies as well as other submission points raised. Whilst we have requested this on an urgent basis it is unlikely to be available in time to amend the final 2022/23 Development Contributions Policy. As noted in the response, if any of the submitters are intending to lodge a consent application in the upcoming financial year then there is sufficient ability within the existing policy to apply to the Waiver Panel for special consideration. We will discuss this directly with the submitters.
8. We will report back to Council if any changes are recommended in relation to Retirement Villages in due course.

**Submissions by Local Landowners and Developers**

9. The submissions from local developers are a mix of technical and strategic growth matters. Many of the key points made in these submissions will be dealt with through direct meetings with relevant staff and the submitters. Some responses which can be actioned immediately are set out in the attachment. Those matters which are more strategic will be progressed through the growth area planning work which is underway and direction setting for the next Long-Term Plan.

**Increases in Citywide Development Contributions**

10. Three submissions were heavily opposed to the increase in citywide development contribution fees. Two have asked TCC to reconsider or defer the increase and one opposes the use of development contributions to fund community infrastructure on the basis it is not core infrastructure and we cannot demonstrate causal nexus between the need for the community facilities and growth. Staff are confident that sufficient work has been undertaken to ensure that the proportions funded via development contributions are reasonable, have considered both causation and benefits factors and comply with Local Government Act 2002 legislation requirements.
11. The other key topic raised in these submissions is concern for ongoing increases and difficulties the lack of predictability creates for the development community. Citywide development contributions have increased significantly over the past two financial years and as the submissions state it is likely that some of these costs will be passed onto new homeowners in the form of increased land and housing policies. The use of development contributions to fund the costs of growth-related infrastructure aligns with key principles outlined in the Councils Revenue and Funding Policy which state that those who contribute to the need for a Council service and those that benefit from a Council service should contribute towards the costs. If development contributions were not used, then there are limited other funding options available to Council that would apportion these costs to the growth community. The risk and uncertainty to developers must be balanced against risk and costs borne by the wider community.
12. To help counter the unpredictability associated with ongoing development contribution increases staff are working to continue to improve engagement and communication processes. The policy document also sets out the likely changes to impact the future years DCP.
13. We have received one submission from a local property owner, Mr Bram Lemson, who has queried many detailed aspects of the policy and calculation methodologies. We note that staff have been engaging with this submitter on numerous issues raised over the last year. We have provided a draft response regarding issues raised relating to the Draft 2022/23 DCP but will continue to engage with him on other matters through processes already outlined to him directly.

**Changes to the DCP**

14. There are a few changes required to the 2022/23 DCP in response to submissions. Most of these are relatively minor in nature and include typo corrections, updates to information and structure plans.
15. The only large change that might occur is in response to the submission point from Bluehaven Group where they have asked that we add some additional clauses relating to development contributions for non-residential development in Wairakei and West Bethlehem where fees are charged based on-site area. The proposed wording by the submitter seems reasonable and reflects how the policy is applied in practice. However, before making any amendments we will seek legal advice to make sure the wording changes do not create unintended risk towards the collection of contributions. Proposed wording may be different to that proposed by the developer but with the same intention and allows for the change to be made at council discretion. Any recommended content changes in relation to this matter will

be discussed with the submitter and will be highlighted in the report to adopt the final 2022/23 DCP. These are not expected to be contentious changes from the development community perspective as it provides more flexibility.

16. No budget changes are required in relation to these submissions on the DCP, but it is likely that development contribution fees will likely change in response to both internal and external submissions on other topics. Discussion on the fees will be set out in a separate report on development contributions ahead of the Policy being adopted.
17. Staff note that there were not as many submissions received on the draft DCP as we had expected. We are not certain if this is because the quantum of increase was not as significant as the previous year or because of the improved engagement in the lead up to the consultation process. Either way, the intention is to continue utilising established communication channels and if possible, build new relationships so that we can better inform the development community of possible changes.

## CONSULTATION / ENGAGEMENT

18. As required by the Local Government Act the draft 2022/23 Development Contribution Policy has been consulted on using the Special Consultative Process.

## SIGNIFICANCE

19. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
20. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
  - (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  - (b) any persons who are likely to be particularly affected by, or interested in, the decision.
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
21. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the decision is of medium significance.

## ENGAGEMENT

22. Taking into consideration the above assessment, that the decision is of medium significance, and that formal public consultation in accordance with the requirements of the Local Government Act has been undertaken, no further engagement is required prior to Council making a decision.

## NEXT STEPS

23. Staff will:
  - (a) Reply to submitters with approved (and if required, amended) responses as set out at Attachment A; and
  - (b) Update the Development Contributions Policy, as required, to reflect resolutions agreed through the course of Annual Plan deliberations; and
  - (c) Report the final policy back to Council, including the final proposed charges, for adoption.

## ATTACHMENTS

1. **Attachment A - Summary of Submissions to the 2022/23 Development Contributions Policy and proposed responses - A13476514** [↓](#)



**Attachment A: Summary of submissions received on the 2022/23 Development Contributions Policy (DCP) and proposed responses to submitters**

Submitter Number	Submitter	Submission summary	Proposed response
561	Holly Simperingham; Trustpower Limited	Strongly supports any increase in development contributions or any other mechanisms of charging residential developers to fund community infrastructure. The proposed increase is too small.	We appreciate the support for the proposed increases. The fees proposed are based on detailed analysis of the community facility projects being funded and consider both needs and benefits factors of the existing community and the growth community. This process reflects the legislation which requires that development contribution fees can only reflect growth related capital expenditure and must be calculated in a way that is fair and proportionate for the community.
860	Dan Rae	Encourage commercial investment in particular in the CBD. To increase appetite in private investment development contributions should be waived even if for a short period of time.	The Council are currently working on several initiatives to facilitate and attract more development (residential and commercial) into the city centre. One avenue that will be investigated through this process will include looking at financial feasibility of development and tools that could be used to increase feasibility and the appeal of development.
826	Jo Gravit	Development Contributions Policy needs to specify the 50% remissions for registered community housing providers and not for profit Papakainga housing developments	The grants for community housing developers and Papakainga developments is separate to the Development Contributions Policy and so specific details will not be included in the DCP. There is reference to the grants process which qualifying developments can apply through (paragraph 2.14.4 of the draft 2022/23 DC policy).
953	Jess James	Land developers of Tauranga have been subsidised by residential ratepayers. Changes should be made to the DC regime to reduce the under-collection by improving quality of costing projects and changing to charge at the point of subdivision rather than now in two tranches one at subdivision and the second at build.	Improving the accuracy of project costing, particularly for capital expenditure projects has been a core focus of the Council's infrastructure team over the last few years. New processes are continually being developed and embedded into the way we work. However, there will also be some limitations on costing accuracy particularly where projects are at early stages of planning or are not planned for delivery for significant time periods. Costing information will always improve as more detailed planning occurs.  Council have previously considered options regarding changing the timings of payments from the current structure using a local and citywide development contribution charge. There are a few options available and pros and cons to each but ultimately charging all fees on the subdivision is likely to result in lower revenue through development contributions, removes the ability to target development contribution fees to reflect the actual development typology occurring on land and does not align with the timing of demand for the infrastructure. For example, the Waiari water treatment plant is funded via a citywide development contribution charged at building consent. If, this project had instead been funded via a 1 tranche model then there would likely already be significant under collection for the project resulting in higher funding via ratepayers. We also note that with changes to legislation currently underway that TCC along with many other Councils are likely to see more development occurring without the need for resource consent and hence are likely to become more reliant on charges levied on building consents.
724 1178 1177	Summerset Group Holdings Limited, Retirement Villages Association, Ryman Healthcare Ltd	Requesting a specific charging category to reflect low demand profiles of retirement villages alongside a change of charging approach so that development contribution fees can be locked in under land consent but paid prior to building consent for each stage as well as additional information regarding special assessment provisions in the policy.  -	Thank you for the submission. TCC staff have requested an external consultant to undertake a review of TCC's Development Contributions Provisions in relation to Retirement Villages and the aspects you have raised in the submission. The main focus of the review will be comparing infrastructure demand generated by retirement village units compared to an average residential household. Staff will touch based individually with the submitters to discuss the report and any potential outcomes in relation to the policy. Any potential changes are unlikely to be able to be made prior to the adoption of the 2022/23 Development Contributions Policy but if the submitters have any planned developments which will lodge for consent in the upcoming financial year these can be managed on a case-by-case basis through a development contribution waiver panel.
1017	Craig Batchelar, Bluehaven Group	Key issues noted in regard to Development Contributions are:  - Infrastructure investment in Wairakei should be recognised for the wider benefits it provides to meet Council strategic goals	Thank you for the submission and the detailed analysis of the policy. We consider that many of the aspects raised are best dealt with and responded to through direct meetings with the relevant staff involved in the project and then any required changes can be incorporated into future policies. The following responses are in regard to the more policy-based



		<p>such as investment in thriving community, transport modes, housing supply and employment.</p> <ul style="list-style-type: none"> <li>- Request to modify the DC policy to provide for large scale no residential land use in the Sands Town Centre</li> <li>- Request to bring forward the delivery of the Papamoa east aquatic facility</li> </ul> <p>Other more technical issues raised include:</p> <ul style="list-style-type: none"> <li>- Policy typos</li> <li>- Queries regarding community infrastructure calculations</li> <li>- Proposed wording changes in relation to non-residential development in Wairakei and Tauriko</li> <li>- Funding anomalies identified in section 5.7</li> <li>- Structure plan updates</li> <li>- Use of DCs to fund long term leases</li> </ul>	<p>submission points. These responses follow through in sequential order of the submission points raised. We will set up meetings to discuss these and the other project-based comments.</p> <ol style="list-style-type: none"> <li>1. We will make the correction to 2.3.1 (j). Thank you for pointing out that typo.</li> <li>2. Staff are currently considering the proposed changes regarding local development contributions for non-residential development in areas where contributions are charged on a site area basis. We will seek legal advice on the wording suggested and will respond directly to you on that matter. We agree that the proposed wording could be useful but also need to ensure that it does not create any situations which put at risk future collection of DCs for any land area on which DCs are not paid on the initial development stage.</li> <li>3. Growth projection years were generally provided to align with time periods actually used in divisors in order to limit the amount of extra detail. We will review these and update intervals and projections if necessary. We can also provide the full spreadsheet of growth calculations if necessary.</li> <li>4. Staff undertook a detailed assessment and decision-making process in regard to funding of the community facilities. Whilst the initial projects being funded are all located in the city centre the intention is that all the facilities of these types (swimming pools, libraries and indoor courts) will be funded via a citywide development contribution. The primary basis for the use of a citywide DC is that these facilities function as an interconnected network. For example, whilst users from Papamoa may not wish to travel to Tauranga to use the new upgraded swimming pool facilities, they will still benefit as it will ease pressure and capacity issues at the existing Baywave facility. They will also benefit from the future planned facility in the Eastern corridor which will in turn be funded via a citywide contribution. If the projects were funded as a local charge, then each facility would be funded via a much smaller catchment and thus they would likely pay more and many beneficiaries outside of large growth catchments would likely get a free ride as it would be difficult to apply a charge. The timing of the projects is not driven by the development contributions policy but the requests for timing changes have been shared with the community facilities planning teams. In future policies we will add in the details of future projects and show expected timings for delivery.</li> <li>5. We are happy to provide you with the spreadsheet versions of the calculations in order for you to check the calculations for the community facilities. We will update any typos or errors located in the final policy.</li> <li>6. We have requested an update to the GIS maps to reflect boundary lines. We will endeavour to have the updated structure plans ready for the final 2022/23 DCP – although we note that update may also impact the land area divisors used for each of catchment B and C and thus may have an impact on the development contribution levies for each.</li> <li>7. We will arrange meetings with the necessary parties to discuss submission points on the three waters and transportation projects and also to review structure plans in those meetings.</li> <li>8. The complication in use of development contributions for long term leases is a legal matter arising from the need to capitalise costs and from terminology in the Local Government Act 2002 rather than an issue arising from TCC's Development Contributions Policy. We are seeking further legal advice regarding use of DCs where land or assets are not strictly owned by TCC and could consider this option provided it is legal to do so.</li> </ol>
994	Grant Downing; Element IMF	<p>The submission is largely technical in nature and relates to infrastructure in the Tauriko catchments.</p> <ul style="list-style-type: none"> <li>- Updates to structure plans</li> <li>- To review final budgets and timing</li> <li>- Update project costs to actual values where possible</li> <li>- Update funding apportionments for wastewater pump stations</li> <li>- Increased capital expenditure budgets</li> </ul>	<p>Staff will continue to work with the submitter on the technical aspects noted in the submission and will provide updated budgets and timings as requested and review all actual costs and structure plans. Budget timings for reimbursement projects have been noted and largely align with current proposed budgets other than some carry forwards required.</p> <p>We note that any reimbursements that deviate from the process set out in the Development Contributions Policy (i.e. full payment the year following completion of works) would need to be agreed to in a written contract between the parties. We suggest that a Development Reimbursement Agreement be developed which sets out terms for reimbursements in relation to the Ring Road. This can include timings for payments, milestone markers and requirements for assets before payment will be made.</p>

1053 and 1055	Jeff Fletcher, Tumu Kaituna 14 Trust (TK14),  Ford Land Holdings Pty Ltd (FLH)	The submissions are generally concerned with ongoing cost increases and changes to funding allocations to projects related to the Te Tumu catchment.	We are happy to meet with you to review the existing cost allocations and project costs for projects which impact Te Tumu. The funding allocations for the projects shown in the current Development Contributions Policy which impact Te Tumu should not have changed other than to reflect updated to NZTA funding allocations. We are currently working through a process with Bluehaven Group relating to the delivery of infrastructure for the Wairakei town centre area which will include cost allocation discussions including allocations for Te Tumu. For now, a holding position regarding funding has been incorporated into the Long-term plan budget but there will be engagement with Te Tumu landowner before cost allocations are finalised. This information will then flow through to future Long-term Plans.
1184	Bram Lemson	<p>Several submissions which were focused on cost allocations and assumptions for the Waiari Water Treatment Facility and new cost allocations for the community facilities funded via a citywide development contribution with key issues being:</p> <ul style="list-style-type: none"> <li>- The renewal and external funding percentages are too low</li> <li>- Funding memorial with a targeted rate applied to housing areas surrounding the facility</li> <li>- New building consent applicants as ratepayers should not pay again towards the level of service shortfall</li> <li>- The community facilities should not be funded via a citywide contribution but as a percentage determined based on the radius of the aquatic facilities to each individual growth catchment</li> <li>- The funding period for Memorial is 2023-2033 meaning that future facilities will be delivered to late</li> </ul>	<p>We have previously discussed the matters raised regarding the funding allocations of Waiari water treatment facility. We will continue to discuss these issues in the method we have outlined.</p> <p>Regarding funding adopted for the community facilities we note:</p> <ul style="list-style-type: none"> <li>- Council has reviewed and updated (where appropriate) renewal funding allocations for the three projects. The portion funded via renewals reflects to likely costs if we were to replace the existing facility on a like for like basis.</li> <li>- The external funding proportions are based on assumptions for amounts we are seeking to receive from external third parties. Increasing these proportions would be unrealistic and against advice we have had on how much can reasonably be expected.</li> <li>- Your submission has highlighted some of the principles of the LGA including 197AB 1 (g)(i) which requires, in relation to development contributions policies, that “grouping by geographic area avoids grouping across an entire district wherever practical”. When recommending funding options staff considered this principle. We note that it does not entirely restrict territorial authorities from using a citywide catchment but to avoid it “<b>wherever practical.</b>” In this case it was not considered practical to use smaller geographical groupings nor did it provide any additional benefit. Models based on smaller geographical growth catchments increased both the costs to households and the risk to Council. This is because essentially the same number of households were contributing to facilities (just in smaller groupings) but it resulted in longer recovery periods and therefore increased debt costs. It also become more difficult to ensure that all new households paid an equitable contribution towards facilities as land costs in some areas resulted in higher overall capex than in other areas, even though the overall service outcome might be similar. The new aquatic facilities planned will provide for the population growth of the whole city. The facilities function as an interconnected network and each pool facility will provide for a slightly different need. Many users will travel across the city to access the facilities.</li> <li>- The funding periods adopted are based on the current planned infrastructure timing for the eastern and western corridor facilities. If the expected delivery dates for these projects are changed then funding periods may need to be adopted. For example, if the expected construction dates for the Eastern corridor facility are earlier than currently planned then the funding for the Memorial pool may need to be replaced with funding towards the eastern pool complex</li> </ul>
850 1047 1002	<p>Catherine Richards; Master Builders</p> <p>Vicky Williamson; Urban Task Force for Tauranga</p> <p>Logan Rainey; Property Council New Zealand</p>	<p>The key theme of these submissions is opposition to the proposed increase in citywide development contributions with requests to defer for 12 months and with some submissions opposing the use of development contributions to fund community infrastructure.</p> <p>Key submission points made include:</p> <ul style="list-style-type: none"> <li>- It is important that development contributions policy provide long term certainty to enable developer to make significant investments</li> <li>- Proposed increases for July place a disproportionate and unfair impost on residential developers and require review</li> <li>- The increase is too high at a time when the building industry is facing severe pressure and stress, a housing crisis and battling with increasing costs and disruption in the supply of materials outside their control</li> </ul>	<p>The increase in citywide development contributions (DCs) this financial year is primarily driven by the decision to use DCs to fund community facilities which Tauranga City Council is investing in. Only a relatively small proportion of the total costs of these facilities is being funded via development contributions, with at least 75% of the total capital expenditure funded via other sources including ratepayers and external grants.</p> <p>The decision to use development contributions as a funding source was not taken lightly and the option to start collecting development contributions was deferred for two years to ensure that sufficient data was available to support the funding recommendations and decisions. The calculation methodologies are set out in within the policy but do not show the detailed reports and background data that underpinned many of the assumptions and calculations.</p> <p>TCC recognise that citywide development contributions levied on building consent add cost and uncertainty for building developers, especially as this cost rises over time. However, this must be balanced against the costs and risks shared by the general ratepayers of the city who only benefit minimally from growth infrastructure (especially where these investments are in new growth catchments), but share equally in negative aspects of ongoing growth. The key</p>

		<ul style="list-style-type: none"> <li>- The increases are going to result in damage to the already high cost of building, hamper consumer confidence and result in reduction in the number of developers and builders working in the TCC Area</li> <li>- TCC has not stated why increasing rates to pay for city development would be an unfair burden. City development including the cost of city services such as pools, libraries and community centres which is the reason for the proposed increase benefits all residents including existing ratepayers. It is unjust for the cost of funding new infrastructure to be put solely on those building new homes</li> <li>- Concerns about the growth pays for growth philosophy in the context of infrastructure funding.</li> <li>- The use of DCs simply increase the cost of land development and therefore housing affordability as costs are passed on to house purchasers.</li> <li>- Not adopt the 15% increase in citywide contributions</li> <li>- Discontinue the use of citywide DCs to fund community infrastructure</li> <li>- The importance of stability when it comes to development contribution policies in order to provide certainty to the private sector and encourage future development and investment in Tauranga</li> <li>- The purpose of development contributions should be to fund core infrastructure such as transport of three waters.</li> <li>- It is difficult to attribute a casual nexus to the demand for the wider holistic demand for community infrastructure.</li> <li>- Higher development contribution costs will likely result in higher prices across the city and may negatively impact future development viability.</li> </ul>	<p>beneficiaries of the growth-related capital infrastructure investment are property developers and new homeowners and so it aligns with principals set out in the revenue and funding policy that they also contribute to the costs.</p> <p>To minimise risk and remove as many surprises as possible to developers (in terms of costs escalation) staff have been actively engaging in communications on potential policy changes in upcoming years and where possibly signalling likely fee increases. This is in response to previous calls from the development community about reducing unpredictability. We welcome any ongoing engagement from the submitters about how we can continue to improve these processes.</p> <p>In response to comments relating to development contributions exacerbating the housing crisis and costs negatively impacting development viability, we note that the infrastructure funded via development contributions is required to be delivered before more housing can continue. Whilst we don't argue that development contributions increase the cost of new housing, we do know that without the use of development contributions vital infrastructure could not occur and the new housing could not eventuate. Reducing housing would certainly exacerbate the housing crisis even more.</p>
850 1047 1002	<p>Catherine Richards; Master Builders</p> <p>Vicky Williamson; Urban Task Force for Tauranga</p> <p>Logan Rainey; Property Council New Zealand</p>	<p>Concerns about the growth pays for growth philosophy and suggest Council make use of alternative funding modals/options such as "direct recover from community infrastructure", target rates over the life of the infrastructure or SPV's</p> <p>Make use of alternative funding modals for investment in community infrastructure.</p>	<p>Development contributions are just one mechanism which council currently uses to fund infrastructure. It does already utilise some of the other mechanisms suggested by the submitter including targeted rates which are also part of the options we are currently considering for some of the city centre investment proposed. We are working to secure third party funding for community infrastructure facilities as another alternative option and development contributions have been reduced on the assumption this will be successful. We are currently engaged in consultation regarding the use of Special Purpose Vehicles for large amounts of Tauranga's planned capital investment and may look to use these further in the future. TCC have also applied through all available central government funding options that have been issued and have been successful in being able to utilise some of these funding. We note that similar affordability concerns have been raised about the proposed Tauriko IFF by the developers involved in that project.</p>

**12 DISCUSSION OF LATE ITEMS****13 PUBLIC EXCLUDED SESSION****RESOLUTION TO EXCLUDE THE PUBLIC****RECOMMENDATIONS**

That the public be excluded from the following parts of the proceedings of this meeting.

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:

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under section 48 for the passing of this resolution</b>
<b>Confidential Attachment 1 - 11.4 - Transport System Plan – Infrastructure Funding and Financing Proposal</b>	s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	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

**14 CLOSING KARAKIA**