



ATTACHMENTS

**Ordinary Council meeting
Separate Attachments 1**

Monday, 24 July 2023

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11.3 Te Manawataki o Te Papa Business Case

Attachment 1 Attachment 1: Te Manawataki o Te Papa Business Case..... 4

Te Manawataki o Te Papa

Business Case



| | |
|----------------------|---|
| Prepared by: | Prepared collaboratively between Tauranga City Council and Rationale Limited. |
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Executive Summary



EXECUTIVE SUMMARY

Reinvigorating the ‘heart’ of Tauranga’s city centre to create a place that celebrates who we are and where we have come from.

This message has been clearly and consistently heard from our communities and city partners and has been a goal that Council has been considering in different forms for many years. Currently, our city centre fails to deliver the social, cultural, economic and environmental benefits expected of the fifth largest city in New Zealand. It is now time to transform Tauranga’s city centre into a community, civic and cultural focal point that will meet our people’s needs and aspirations now, and in the future.

Te Manawataki o Te Papa is a new-build Library and Community Hub, civic whare, museum and exhibition centre on an integrated campus that pays respect to its historic and present-day environment and has been defined as a “once in a generation opportunity” for the fastest growing city in New Zealand.

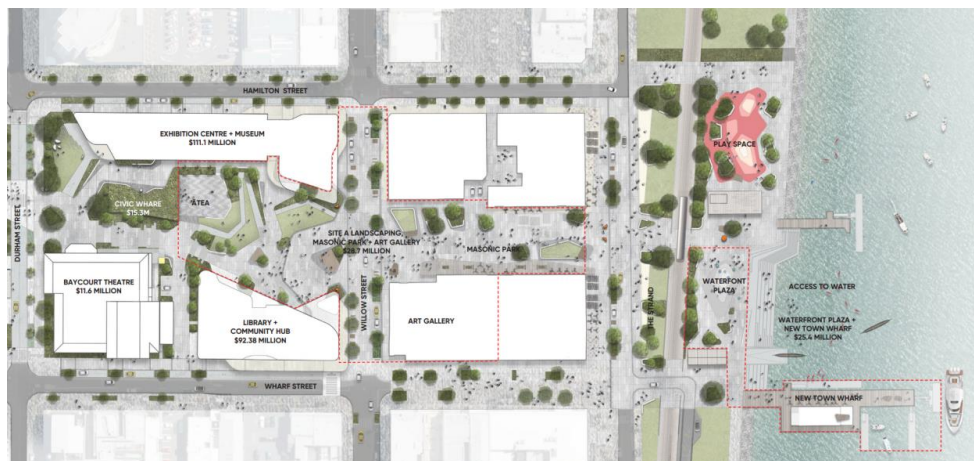
Guided by The Treasury’s five case model, this business case reconfirms the **Single-staged Te Manawataki o Te Papa** as the preferred option (as outlined in the refreshed Te Manawataki o Te Papa masterplan) and recommends proceeding with the delivery of the programme of works at an estimated capital cost of \$309.8 million between 2022 and 2027/28.

The suite of Te Manawataki o Te Papa projects will transform the Civic Precinct site in the heart of the city centre. The site is cleared; a masterplanning approach is in place, enabling design and spatial planning decision-making to proceed; and partnering arrangements are in place with developers Willis Bond, ready for construction. This business case reconfirms Te Manawataki o Te Papa will deliver the best value for our communities. Although funding challenges are evident, with an adaptive funding pathway in place, Council is confident that we can deliver.

WHAT IS TE MANAWATAKI O TE PAPA?

Te Manawataki o Te Papa, or ‘the heartbeat of Te Papa’, is a proposed public good investment which presents an opportunity to deliver the vibrant cultural and civic heart the city has long been missing. It will contribute to a city that we can all be proud to live, learn, work and play in for years to come. Development of a civic campus which showcases its harbour-edge location and provides activities and experiences that capture the essence of Tauranga Moana will create a vibrant civic heart for our city. This in turn will engender a sense of ownership and pride for our communities, breathing life back into the city centre. Core elements of Te Manawataki o Te Papa are illustrated in Figure 1.

Figure 1: Te Manawataki o Te Papa at a glance



STRATEGIC CASE – REINSTATING THE HEARTBEAT OF OUR CITY

The Strategic Case outlines the strategic context for investment and makes a robust case for change.

How the proposed investment aligns at a local, subregional, and national level

At a national level, Te Manawataki o Te Papa will contribute to a range of Central Government policy initiatives, including Treasury's 'Living Standards framework', the Ministry of Social Development's 'Social Cohesion Strategic Framework', the Ministry of Education's 'Aotearoa New Zealand's Histories and Te Takanga o Te Wā' and Creative New Zealand's 'Te Whakaputa Hua Ki Te Hunga o Aotearoa'.

At a subregional level, Te Manawataki o Te Papa has clear alignment with the city and Council's strategic direction, from the aspirational community vision and primary strategies, through to Council's action and investment plans. As part of the pre-work for the development of Te Manawataki o Te Papa, Council worked closely with iwi and hapū to resolve historical grievances relating to ownership of the land underlying the Civic Precinct. This work resulted in the creation of a new ownership structure. Site A (Figure 2) is now owned by a Council Controlled Organisation (CCO) Charitable Trust and governed jointly by Tauranga City Council and mana whenua. This key move forms part of Council's overall intention for the site, which is to use it to build community cohesion and civic pride, recognise and honour our history, and connect mana whenua and the people of Tauranga with the land and their stories.

Figure 2: Location of Site A, Site B and Site C



A partnership approach has been fundamental to the ongoing development of Te Manawataki o Te Papa. Key agencies and groups have been integral to the planning and design, notably:

- **Partnering with mana whenua to restore mauri to the city centre** - Council and mana whenua have partnered to reinvigorate the mauri (life force or essence) within the land and create a space where people can connect, as they did generations ago - a city centre that reflects the once thriving central kāinga (village) of early-Tauranga.
- **Partnering with key stakeholders to reimagine the heart of our city, using a place-based approach** – With Priority One, the University of Waikato, the Ministry of Justice and the business community, Council's City Centre Action and Investment Plan (Te Rapunga Ora ki Te Papa) and Priority One's Tauranga CBD Blueprint fit together to deliver a cohesive and exciting future for our city.

[Why we need to invest in our city centre](#)

Reasons to invest in the city centre are contained within three key problem statements. Table 1 summarises each problem statement and the opportunities of addressing them.

Table 1: Key problem statements for this investment proposal

| | |
|---------------|--|
| Problem One | <p>Poor amenity and a disconnect between the natural and built environments reduce the ability of the city centre to attract locals, visitors and businesses.</p> |
| | <ul style="list-style-type: none"> ❖ Problem: Currently, a near-empty two-hectare central city site with only a thriving but dated performance venue in place. ❖ Problem: Physical, visual and cultural disconnection from the exceptional taonga (treasure) of Te Awanui (Tauranga Harbour). ❖ Problem: A lack of identity, presence and activity that does not reflect (or celebrate) the once-vibrant historic kāinga (village), or a city centre commensurate with New Zealand's fastest growing city. ➤ Opportunity to restore connections and engagement with the whenua (land) and moana (sea). |
| Problem Two | <p>Failure to meet the growing demand for arts, culture, heritage and manaakitanga¹ threatens the city centre's ability to grow opportunities and prosper.</p> |
| | <ul style="list-style-type: none"> ❖ Problem: Tauranga arts and culture facilities do not adequately support or value the arts sector at a local, regional or national level. ❖ Problem: Limited civic or cultural buildings within the city centre to help people connect with Tauranga, unlike the range of civic and cultural institutions which can found in many other New Zealand cities. ❖ Problem: No dedicated facility for displaying the city's considerable collection of taonga and artefacts. ➤ Opportunity to strengthen and recognise the contribution of arts, culture and heritage in creating strong and resilient communities and in providing significant attractions for locals and national and international tourists. |
| Problem Three | <p>A lack of visible identity and character reflecting the region's people and place, which inhibits peoples' connection and limits opportunities for the city's stories to be told.</p> |
| | <ul style="list-style-type: none"> ❖ Problem: Tauranga has a rich and complex history that is not easily-accessible and is therefore largely unknown, contributing to a lack of social cohesion and a disconnect between different sectors of the community. ➤ Opportunity to provide an awareness of local history, delivering wide-ranging benefits to locals and visitors alike. ➤ Opportunity to build community cohesion and civic pride, recognise and honour our history and to reconnect mana whenua and the people of Tauranga with the whenua (land) and their stories. ➤ Opportunity to improve understanding of pre-European Aotearoa that will assist in building understanding and enabling social inclusion. |

What are we proposing to invest in?

Tauranga's city centre is established as the commercial, civic and cultural heart of the city and the western Bay of Plenty subregion – a unique civic destination and Library and Community Hub where the stories of Tauranga and its people are told, and a desirable attraction for local, domestic and overseas visitors.

¹ Manaakitanga refers to the process of showing respect, generosity and care for people, whānau and communities.

The following investment objectives specify the desired outcomes for the proposed investment and are the base for measuring success. Commissioners, Executive and the project team agreed on the following three investment objectives for Te Manawataki o Te Papa.

1. To improve central city vibrancy and liveability by attracting circa-2,000,000 visits per annum to Te Manawataki o Te Papa by 2035.

Vibrancy and liveability are both currently lacking in Tauranga's city centre. Aligning with local and national strategic direction, investment in building an attractive, safe and interesting urban built environment will activate the city centre, creating a vibrant place to live and visit. Demand Forecast modelling by Rationale (2023) indicates that by 2035, there will be more than 1.89 million annual visits to Te Manawataki o Te Papa (averaging 5,500 people a day) and in 30 years' time (2053), visits will reach nearly 2.3 million annually (or 6,300 people a day). This amounts to more than three times as many people when comparing to foot traffic currently reported on the corner of The Strand and Wharf Street (averaging 1,613 people a day). Monitoring this investment objective will be a useful measure of the level of vibrancy and liveability of the city centre.

2. To increase the present value of local and regional economic output by \$500 million and wider economic benefits by \$500 million over the life of the buildings.

Te Manawataki o Te Papa demonstrates Council's commitment to city centre regeneration. Leveraging off our natural and cultural assets, the civic precinct will become the driver of a sustainable and thriving economic future and a catalyst for further private investment. The outcome will be a regenerated city centre that provides opportunities for new commercial and economic activities, as well as tourism offerings, all adding to the city's revival.

Infometrics² reports that the 2022 Gross Domestic Product (GDP) for the Tauranga city centre was \$2,473 million, with the economy growing by 10.5 percent in the March 2022 year. GHD's *Wider economic benefits of Tauranga Civic Precinct Update (May 2023)* report highlights the potential contribution the redevelopment could make to the city as generating an additional \$788.4 million to \$1,370.5 million in estimated quantified benefits in net present terms over the next 60 years (assuming a 4 percent discount rate). Of this, \$419.0 million to \$822.8 million is attributed to visitor and tourism contribution to GDP. The remaining monetised benefits identified by GHD total between \$369.4 million and \$547.7 million. This investment objective provides a useful measure for tracking both economic output (GDP) and wider economic benefits over the next 60 years.

3. To enhance inclusiveness, sense of belonging and cultural identity by attracting more than 300,000 annual museum visits and 800,000 annual Library and Community Hub visits, with 60 percent of residents being prepared to recommend Tauranga as a visitor destination by 2035.

Our communities have consistently told us that our city centre lacks identity, is disconnected from the surrounding environment and does not encourage or enable opportunities for people to connect. Tauranga residents have also said that inclusivity and community are important to them, and that expression of cultural identity is an important factor in this. Without these qualities, fewer and fewer residents feel proud of their city, as evidenced by the decreasing numbers who would recommend

² <https://ecoprofile.infometrics.co.nz/Tauranga%20CBD/Gdp>




Tauranga as a holiday destination (from more than half the population [54%] in 2018/19, to almost one-third [36%] in 2022/23)³.

Visitation numbers form the basis for measuring the success of the third investment objective, along with a significant improvement (from 36% in 2022 to 60% in 2035) in those who report that they are likely to recommend Tauranga as a visitor destination. Rationale's (2023) forecasted visitation for individual buildings within Te Manawataki o Te Papa includes 313,375 annual museum visits and 878,615 Library and Community Hub annual visits by 2035.

What benefits will be realised?

Benefits that flow from the investment objectives are anticipated to fast-track community social, economic and cultural outcomes. The focus is on creating connected, cohesive, and inclusive communities and a vibrant and thriving city centre. Key benefits and key performance indicators (KPIs) are set out in Table 2.

Table 2: Key benefits and key performance indicators for the investment proposal

| Benefits | KPIs |
|--|--|
| Improved central city vibrancy and liveability  | <i>Utilisation</i> |
| | <i>Increased tourism</i> |
| | <i>Increased inner city housing</i> |
| Increased local and regional sustainable economic development  | <i>Increased business and employment (GDP)</i> |
| | <i>Increased events</i> |
| | <i>Increased bed nights</i> |
| Enhanced inclusiveness, sense of belonging and cultural identity  | <i>Participation</i> |
| | <i>Reputation /brand</i> |
| | <i>Educational opportunities</i> |

What are the constraints and dependencies?

Constraints are limitations imposed on the investment proposal from the outset, or restrictions that limit achievement of a project's desired outcome. Two key constraints to Te Manawataki o Te Papa achieving its investment objectives are:

- Transport issues constrain city centre investment, as traffic congestion reduces productivity and business opportunities and the attractiveness of a place to live and/or visit
- Lack of quality accommodation in the city centre constrains investment due to limited places for visitors to stay.

Dependencies are external influences on the success of investment in Te Manawataki o Te Papa, where success is contingent on the future action of others. Key projects proposed that will significantly 'lift' the benefits realised through Te Manawataki o Te Papa include:

³ Annual Resident Surveys 2018/19 and 2022/23

- The proposed Tauranga Community Stadium at Tauranga Domain
- Willis Bond's proposed plans for Site B (adjacent to Te Manawataki o Te Papa) in the civic precinct for a convention centre, hotel and performance venue
- Nineteen catalyst developments in the city centre with a combined value of \$1.5 billion as identified in the Tauranga CBD Blueprint 2022-2030 (Priority One Tauranga Moana).
- Council's waterfront transformation which has an allocated \$83.7 million for the development of the city centre waterfront.

ECONOMIC CASE – BENEFITS THAT RUN DEEP AND REACH FAR AND WIDE

The benefits Te Manawataki o Te Papa will bring are widespread, reaching out to the region and providing a site that captures and reflects Tauranga's unique cultural heritage. The story of Tauranga is nationally significant, as one of the early places of settlement for Māori and the location of key historical events such as the Battle of Gate Pā. Te Manawataki o Te Papa will showcase this history, connecting people with the whenua, providing learning opportunities and creating a sense of community and inclusion for the city. It will also provide facilities that will encourage residential growth and intensification along the Te Papa corridor. It will significantly contribute to city centre GDP and deliver wider economic benefits, generating an additional \$788.4 million to \$1,370.5 million in estimated quantified benefits in net present terms over the next 60 years (assuming a 4% discount rate)⁴.

Categories for valuing benefits were derived by GHD and included:

- Agglomeration benefits from business concentration
- Use and non-use value of amenities
- Visitor/ tourism contribution to GDP
- Value of Māori cultural expression
- Lower emissions growth in housing
- Lower opportunistic crime.

Proxied and described benefits identified by GHD also included:

- Number of additional houses stimulated in Tauranga central and inner area
- Number of new businesses stimulated in Tauranga central and inner area
- Increased resident market size for local business resilience in central and inner area
- Educational benefits with additional local child visits to the library
- Stimulation of private investment through the redevelopment expressing confidence in a revitalised downtown area that will support further inward investment
- Greater sense of civic pride and improved social cohesion through creating a vibrant city centre having a catalytic impact on the city.

⁴ GHD (2023)

Process to reconfirm Te Manawataki o Te Papa

Structured and comprehensive analysis has been undertaken to evaluate a range of approaches, alongside the Council's current approved option. The economic case validates the preferred option – **Single-stage Te Manawataki o Te Papa**. Wider testing with other significant city centre projects explores the investment suite that might be the 'right fit' for our community.

The process undertaken to validate the preferred way forward is outlined in Figure 3. This represents the key steps taken to identify and assess alternate options, providing confidence that the preferred option (Te Manawataki o Te Papa) still represents the best way forward. The deliverables (as set out below) from these steps were evaluated with Commissioners and Executive team members.

The **Single-stage development of Te Manawataki o Te Papa** option has already been identified as 'preferred' by Council. This option was assessed using multi-criteria analysis (MCA) against a mix of five options already considered by Council and new options that represent 'book-ends' or 'do minimum' (high amenity green space) and 'do maximum' (commercial arrangement that will deliver short-term economic returns for the community e.g. selling the land for commercial purposes) approaches on either side of the preferred option as comparisons to assess value for money. A summary of the MCA is provided in Figure 4.

Figure 3: Process to validate the preferred way forward

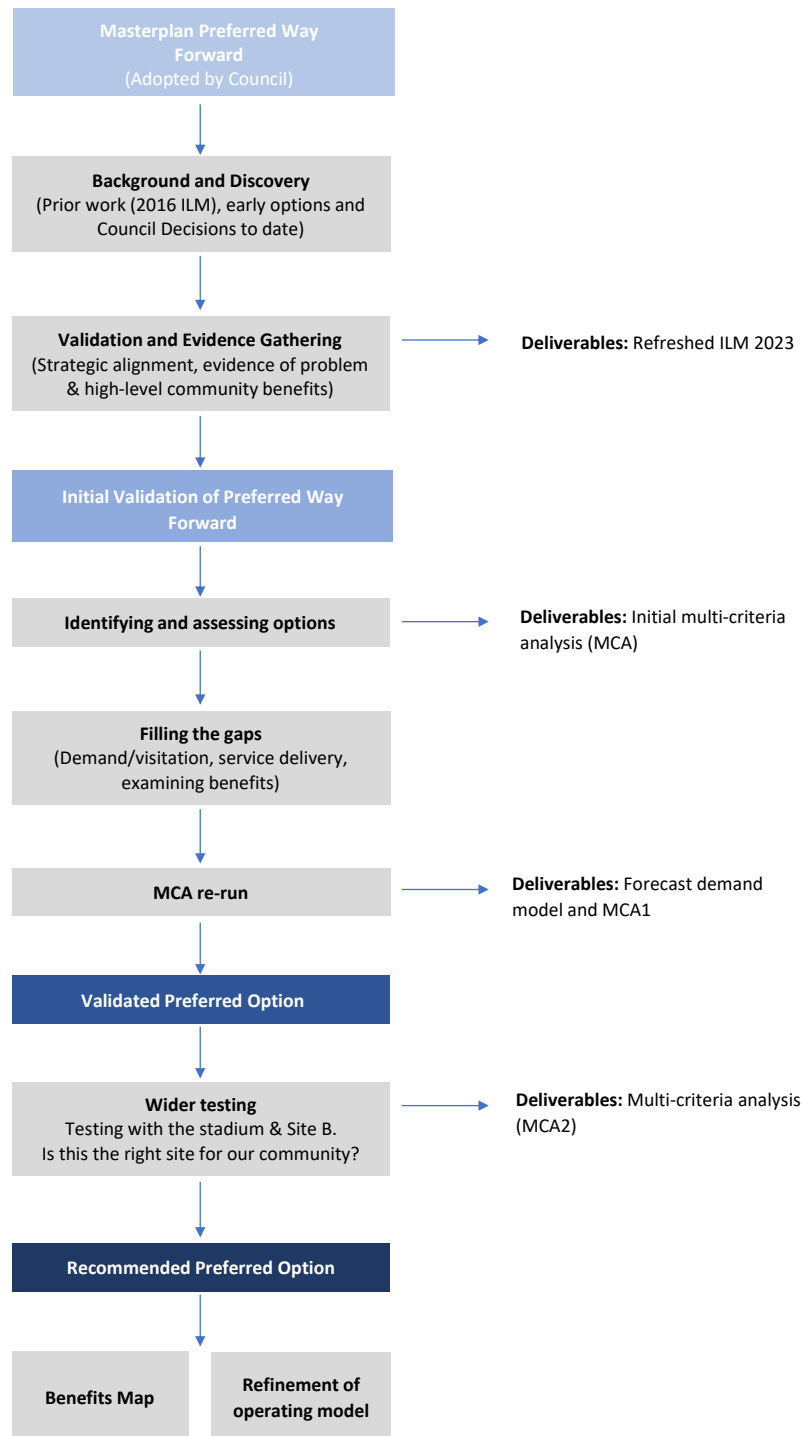


Figure 4: Summary of multi-criteria analysis of options

| | | Option 1 Full public realm | Option 2 Library & Community Hub | Option 3 Extending cultural connection | Option 4 TMOTIP Single stage | Option 5 TMOTIP Multi-stage | Option 6 Highest and best Use |
|--------------------------------|------------------------|-------------------------------|-------------------------------------|---|---------------------------------|--------------------------------|----------------------------------|
| Investment Objectives | Vibrancy & liveability | ● | ● | ● | ● | ● | ● |
| | Economic development | ● | ● | ● | ● | ● | ● |
| | Inclusiveness | ● | ● | ● | ● | ● | ● |
| Total Cost | | \$95M | \$348M | \$444M | \$703M | \$763M | \$45M |
| Capital costs | | \$35M | \$136M | \$177M | \$310M | \$370M | \$19M |
| NPV operational costs (60 yrs) | | \$60M | \$212M | \$267M | \$393M | \$393M | \$26M |
| Risk | | ● | ● | ● | ● | ● | ● |
| Business needs | | ● | ● | ● | ● | ● | ● |
| Ranking | | 4 | 2 | 2 | 1 | 5 | 6 |
| Overall | | Discounted | Discounted | Possible | Preferred | Possible | Discounted |

Through the MCA process, **Option Four – Single-stage Te Manawataki o Te Papa** is the preferred option, ranking first against the other five options. As well as contributing fully to all three investment objectives, it is assessed as making a high contribution to seven of the ten business needs with a medium risk profile. Although relatively costly, with total costs amounting to \$703 million (including \$309.8 million of capital cost over the next five years), this option does have a positive cost benefit assessment of 1.17⁵). It also:

- Recognises the need for an integrated programme of investment that will help transform the civic heart of the city centre
- Has a focus on connection between projects in relation to shared spaces, shared facilities and sharing of costs
- Is developed in partnership with mana whenua and is steeped in cultural design, providing connection with our past and with our environment, particularly Te Awanui (Tauranga harbour)
- Clearly aligns with current strategy and policy and will provide wide-ranging social, economic, cultural, and environmental benefits, delivering between \$513.1 to \$1,370.5 million of quantified benefits in net present terms and ensuring the project will have a positive impact on our communities today and in the future
- Has community support, as shown through the Long-Term Plan Amendment consultation process.

With a campus precinct approach, “the whole is greater than the sum of its parts”. The single-staged Te Manawataki o Te Papa delivers in accordance with the adopted masterplan, provides a coherent and integrated plan for the civic site and removes the need for decisions on a staged, project-by-project basis. It encourages connection between the different facilities and the environment. Sharing of activities and facilities (meeting and function spaces and ‘back of house’ facilities such as kitchens and toilets) is enabled – all providing better connection, efficiencies, and cost savings. The campus approach provides ‘economies of scale’ in design, procurement and construction, and the ability to leverage greater utilisation opportunities. It is a commitment to deliver a programme of works that is a catalyst for further private investment in the city centre, as it improves investor confidence.

This option delivers a suite of projects (e.g., museum, new library) that align with community perceptions about what they would like in the city centre.

⁵ Cost benefit assessment is only available for Option 4 as it is based on work provided by GHD on the preferred option.

Indicative wider testing with city centre projects – Finding the right fit for our community

Having reconfirmed **Option 4 – Single Staged Te Manawataki o Te Papa**, wider testing of Te Manawataki o Te Papa with the proposed Site B development and proposed Tauranga Stadium development was undertaken. This was to provide an early indication whether the package of investment in the city centre provides the right fit for our community. The MCA process is summarised in Figure 5.

Figure 5: Summary of MCA 2 – indicative wider testing in the city centre

| | | Option A – Single Staged TMOTP (validated option 4) | Option B – Single Staged TMOTP + Site B | Option C – Single Staged TMOTP + Stadium | Option D – Single Staged TMOTP + Site B + Stadium |
|--------------------------------|------------------------|--|--|---|--|
| Investment Objectives | Vibrancy & liveability | ● | ● | ● | ● |
| | Economic development | ● | ● | ● | ● |
| | Inclusiveness | ● | ● | ● | ● |
| Total Cost | | \$703M | ● | ● | ● |
| Capital costs | | \$310M | | | |
| NPV operational costs (60 yrs) | | \$393M | | | |
| BCR | | 1.17 | | | |
| Risks | | ● | ● | ● | ● |
| Business needs | | ● | ● | ● | ● |
| Ranking | | 2 | 1 | 4 | 3 |
| Overall | | | Preferred | | |

Indicative wider testing of the validated option (single-staged Te Manawataki o Te Papa) with the proposed Site B development and proposed stadium illustrates that the combination option of single-staged Te Manawataki o Te Papa and Site B development (Option B) may be the preferred investment package for the city centre. Option B further meets investment objectives and will result in improved benefits. Further investigation into Site B and proposed stadium development is recommended to evaluate more fully the right-sized investment for the community. In addition, with \$83.7 million allocated to waterfront projects by Council in the city centre (outside of the business case scope), it is also recommended that wider benefits from waterfront revitalisation combined with Te Manawataki o Te Papa are also explored. This is likely to boost the realisation of a range of social, cultural and economic benefits.

It is important to note that no decision has been made by Council regarding funding and/or land contributions towards future stages of the Site B and Tauranga Stadium projects. Any significant future decisions regarding Council contributions towards these projects could be consulted on via a Long-term Plan process and would be considered from an affordability perspective, within the context of Council's overall financial position.

COMMERCIAL CASE – PARTNERING WITH WILLIS BOND

As outlined in the Strategic Case, Council has already progressed Te Manawataki o Te Papa through to detailed design, meaning that many procurement arrangements are already in place for the implementation of Te Manawataki o Te Papa programme of works.

Willis Bond and Council entered into a Partnering Agreement in 2018. This agreement covers the period 2018-2030 and sets out the parties' contractual framework for the programming, identification, selection and activation of individual developments within the project. Although some time has passed since the Partnering Agreement was signed, Willis Bond remains Council's Development Partner for sites A and B (refer Figure 2). Site C is to be progressed outside of the Willis Bond Partnering Agreement, with similar timeframes to Site A. Site B may be developed at a later date.

Following Council's adoption of an Enhanced Concept Design Cost Report in July 2022, as part of the Long-term Plan Amendment, Council contracted with Willis Bond (and other consultants procured by Willis Bond on Council's behalf) to deliver preliminary designs and revised costings for Te Manawataki o Te Papa.

Aligned with the Partnering Agreement, Council is currently negotiating a Development Management Agreement with Willis Bond that will appoint them to a service delivery role as Development Manager. The Development Management Agreement covers Willis Bond's roles as Development Manager in relation to procurement, oversight and management of consultants carrying out the developed and detailed design and revised costings; and construction management once each work package/construction contract is approved and finalised. The Development Management Agreement will utilise Willis Bond's experience and knowledge in the development and construction industries to advise and recommend to Council the acquisition of specialist consultants and contractors to support the development of projects. This approach addresses the issue of needing to engage with a large number of consultants (over thirty) that will undertake various specialist tasks and provide professional advice on a diverse range of aspects to the project. In accordance with the Development Management Agreement, Willis Bond will procure and recommend to Council the specialist consultants to support Te Manawataki o Te Papa. The key object of the procurement is to bring competence and experience into the design phase of the development, and to achieve the best value for our community.

Both Willis Bond and Council will consider how to achieve the best value to the community and ensure a good balance between the cost and quality of the project by:

- Increasing competition by looking nationwide for consultants and suppliers - bigger pool to choose from, more likely to have more-skilled, experienced and quality consultants and suppliers
- Encouraging suppliers from the local market – potential cost saving due to proximity and a more sustainable approach
- Placing emphasis on innovation and collaboration to create a unique design for the city.

FINANCIAL CASE – FINDING THE RIGHT PATHWAY FORWARD

The single-phased Te Manawataki o Te Papa can be funded and financed from a mix of general rates, additional revenue raising activities and significant external funding. Although challenging, the Financial Case provides enough evidence to proceed with investing in Te Manawataki o Te Papa.

Council has resolved to fund \$151.5 million of the capital investment from rates-funded loans, general rate revenue (possibly IFF levy), revenue generating activities and will likely fund close to 100 percent of the ongoing net cost of Te Manawataki o Te Papa each year.

External funding for the initial investment must be sourced to ensure both the capital investment and ongoing net operational cost are fully-funded. The fundamental issue, from a fairness and equity perspective, is to decide how much of this funding should sit with the ratepayers of Tauranga and how much should reside with other beneficiaries of Te Manawataki o Te Papa. The beneficiary analysis

suggests a funding pathway that recognises the regional and national benefit of Te Manawataki o Te Papa is most appropriate.

The capital investment for Te Manawataki o Te Papa is forecast to total \$309.8 million which is in line with the forecast in the LTPA of \$303.4 million. The 2 percent increase in cost is largely due to the cost of the main buildings and long term inflation assumptions.

What is the proposed funding pathway?

There are number of funding pathways which could be considered for Te Manawataki o Te Papa and these each have their own funding risks and uncertainties. The pathways can be adaptive as Te Manawataki o Te Papa progresses to completion, and a certain amount of flexibility can be employed to ensure the project's cashflow requirements are able to be met and risks can be managed.

Council contributions to the capital investment

Council has resolved that \$151.5 million of the total capital investment of Te Manawataki o Te Papa will be funded by a rate-funded loan. The cost of borrowing has assumed loan interest of 5.25 percent, with the debt retired over 30 years, partially from the depreciation reserve and partially with a separate debt retirement charge. The rate-funded debt retirement charge is planned because Council will be near its borrowing capacity, so will need to pay down debt faster than is possible in the debt retirement policy.

Other funding mechanisms

Other potential funding mechanisms available to Council include:

- Alternative off-balance-sheet funding through the Infrastructure Funding and Financing Act 2020 (IFF) with a levy charged to most ratepayers. Funding through IFF would remove the debt from Council's balance sheet and require the identified beneficiary community (most ratepayers) to pay a separate levy
- Introduction of city-wide development contributions in Council's development contribution policy to ensure future residents contribute their fair share to the capital investment. It is forecast this would provide funding of \$11.5 million.

Following Council contributions to the capital investment, there remains a requirement of \$146.8 million to fund the total capital investment of \$309.8 million. External grants are the preferred primary source and the following external grants and subsidies have been identified as potential contributors. These are expected to contribute at least \$80 million to \$100 million:

- Three Waters Better Off funding- first tranche
- Central Government Grants from Lottery Community Facilities Fund and Regional Culture and Heritage Fund
- Local community grants, including TECT and other local entities
- Subregional funding opportunities
- Gaming Trusts
- Corporate sponsorships
- Philanthropic contributions from gifts and donations
- Other external grants and subsidies.

The priority for funding over the life of the project remains with external funding sources. The 'Financial Strategy to Fund Te Manawataki o Te Papa' Council Report (24 July 2023) provides further options for the Funding Pathway. These additional options of asset recycling and making better use of council's assets will only be utilised if, and to the extent that, the previous two funding sources are insufficient to fully-fund the capital investment of Te Manawataki o Te Papa.

Funding pathway for operational costs not funded by revenue

The net cost to fund Te Manawataki o Te Papa is forecast to be \$26 million per annum when it is fully-functioning, with all the facilities and levels of service in operation for the community and visitors. The current proposal is for council to fund this net cost from general rates and a targeted rate or levy across the city. The targeting of rates would likely align with the beneficiary analysis in the Economic Case but would be designed to ensure those people and businesses which benefit the most from Te Manawataki o Te Papa contribute appropriately.

Is Te Manawataki o Te Papa affordable?

Affordability for both the community and Council are both important factors to consider.

Affordability for the community

The financial impact of Te Manawataki o Te Papa is forecast for the average residential ratepayer in 2030 to be \$268 (plus GST) per annum. The financial impact for the average commercial ratepayer for the year is forecast at \$935 in 2030 (plus GST). Whether these total forecasts are affordable will likely depend on other ratepayer funding needs over the next four to five years, before Te Manawataki o Te Papa becomes fully-functional in 2028. The commitment is of course needed now.

This will be assessed and tested as part of the LTP process, but it is recognised Te Manawataki o Te Papa is a significant investment for the city and has ongoing funding needs to provide the benefits discussed above to the city, the region and further afield.

Affordability for Council

The extent of the total funding is presented in Table 3, which outlines both the capital investment and the associated net cost of Te Manawataki o Te Papa operation, and illustrates how each is planned to be fully-funded.

Table 3: Investment and Funding by Council

| \$000s | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 | FY2027 | FY2028 | FY2029 | Total |
|---------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Capital Investment | 9,580 | 71,508 | 90,569 | 80,262 | 57,907 | - | - | - | 309,826 |
| Operating - Net Cost to Fund | 0 | 3,815 | 8,341 | 17,911 | 21,538 | 26,002 | 26,190 | 26,363 | 130,160 |
| Total | 9,580 | 75,323 | 98,911 | 98,173 | 79,445 | 26,002 | 26,190 | 26,363 | 439,986 |
| Funded by: | | | | | | | | | |
| Extra Revenue (Rates, IFF Levy) | 0 | 3,815 | 8,341 | 17,911 | 21,538 | 26,002 | 26,190 | 26,363 | 130,160 |
| Extra Capital | 9,580 | 71,508 | 90,569 | 80,262 | 57,907 | - | - | - | 309,826 |
| Total | 9,580 | 75,323 | 98,911 | 98,173 | 79,445 | 26,002 | 26,190 | 26,363 | 439,986 |

Over the eight years, from the start of the design and construction of Te Manawataki o Te Papa to the point that Te Manawataki o Te Papa has been operating for three full financial years, a total of \$440 million will have been invested.

The project will require council to commit \$346.5 million of the city's public funding and assets by 2030. This consists of \$151.5 million of rate funded loans, \$65 million of other council funding, from the options presented in the Financial Strategy to Fund Te Manawataki o Te Papa report, and \$130 million to fund the operational costs to the 2029 financial year when Te Manawataki is fully functioning.

The funding pathways can be adaptive as Te Manawataki o Te Papa progresses to completion. A certain amount of flexibility can be employed to ensure the project's cashflow requirements are able

to be met and the risks can be managed but it is recognised this is a significant long-term project to council.

MANAGEMENT CASE – A FRAMEWORK TO MANAGE SUCCESS

The management case demonstrates that robust arrangements are in place for the delivery, monitoring and evaluation of Te Manawataki o Te Papa.

How will the delivery and operation of Te Manawataki o Te Papa be governed?

Effective governance structures are in place, or planned, to provide the necessary checks and balances to keep Te Manawataki o Te Papa on track and running to plan from design through to ongoing operation (Table 4).

Table 4: Governance arrangements for Te Manawataki o Te Papa

| | Governing body | Roles and responsibilities |
|--------------------------------|--|---|
| Design and construction | CCO - Te Manawataki O Te Papa Limited | <ul style="list-style-type: none"> • To drive project implementation and to ensure that delivery is exemplary and maximises the benefits for Tauranga residents and visitors |
| Land of Site A | CCO - Te Manawataki o Te Papa Charitable Trust | <ul style="list-style-type: none"> • CCO Charitable Trust owns the land, which is subject to a peppercorn ground lease back to Council • Council retains ownership of any improvements on the land and is entitled to develop and construct further improvements on the land. |
| Ongoing operation | Council (preferred option) ⁶ | <ul style="list-style-type: none"> • Incorporation of Te Manawataki o Te Papa activities within Council structure (in-house) • Council's partnership with mana whenua continues to develop and grow • Align with Council arts and culture strategies, and broader community goals/outcomes • Ensure benefits are realised |

What is the programme for delivery?

Figure 6 outlines the draft programme for delivery of Te Manawataki o Te Papa. This indicates the completion of the project in April 2027 (expedited) or January 2028 (extended). The Civic Whare, Exhibition Centre and Museum (CWEM) programme shows two scenarios, the accelerated programme in dark blue and the base case programme shown by the pink dashed outline. At the time of writing, the programme is currently in the developed and detailed design stage.

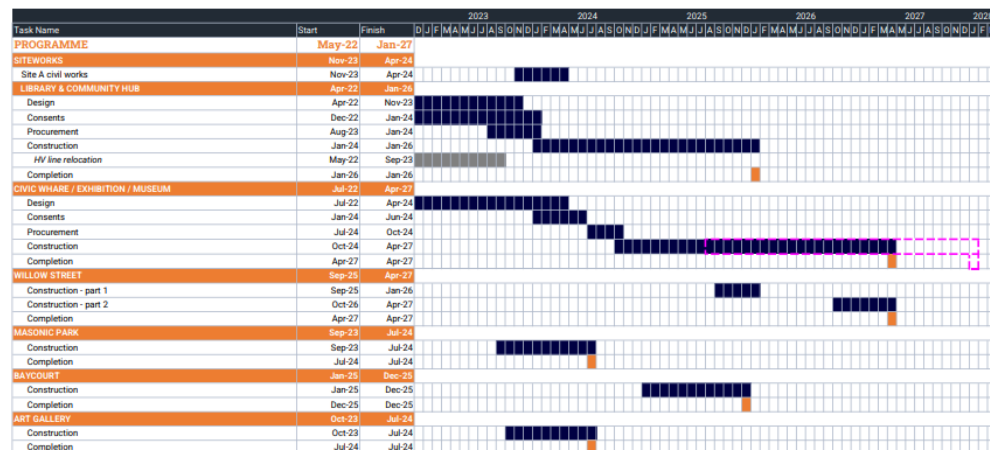
Capital costs have been provided by Rider Levett Bucknall (Quantity Surveyors), reviewed by LT McGuinness, and include the following conservative assumptions:

- Cost escalation of 8 percent of construction costs across the five years, totalling \$21.52 million

⁶ Although no recommendations or decisions have been made on the continuing operation of Te Manawataki o Te Papa at this stage, option one is surfacing as the likely preferred way forward

- Contingency of 11 percent of total cost across five years, resulting in \$29.35 million total contingency
- Programme of works commencing with developed and detailed design in 2022, and construction staged over the following five years
- Programme completion by April 2027/28.

Figure 6: Draft programme for delivery of Te Manawataki o Te Papa



How will we measure success?

Effective benefit management is about giving investments the greatest possibility of delivering and optimising the identified benefits. A benefits map has been developed showing alignment with Council's strategic direction and how benefits will be measured (key performance indicators, measures and targets). The approach to benefits management largely aligns with Council's Long-term plan and annual reporting processes, in that they share KPIs and measures. This ensures those responsible for relevant Council activities (and associated benefits) can actively monitor, respond and report on benefits with ease.

RECOMMENDATION – TO SHARE TAURANGA AND ITS STORIES WITH OUR PEOPLE, OUR COUNTRY AND OUR VISITORS

This business case recommends proceeding with the delivery of the programme of works at an estimated capital cost of \$309.8 million over the period of 2023 to 2027/28. The suite of Te Manawataki o Te Papa projects will transform the co-owned site in the heart of the city centre.

With plans for Te Manawataki o Te Papa well-advanced, this business case reconfirms Te Manawataki o Te Papa as the preferred option ensuring we deliver the best value for our communities. Promoting social cohesion and economic stimulus with local, subregional and national benefits being realised, our communities' needs and aspirations for the city centre will be achieved now and in the future. Although funding challenges are evident, with an adaptive funding pathway in place, Council is confident that it can deliver the planned development.

Introduction

1 INTRODUCTION

A new build library and community hub, civic whare, museum and exhibition centre on an integrated campus that pays respect to its historic and present-day environment, Te Manawataki o Te Papa has been defined as a “once in a generation opportunity” for the future of our fast-growing city.

Tauranga is one of New Zealand’s fastest growing cities, with growth rates consistently higher than the country as a whole. This is expected to continue, with people attracted by the region’s temperate climate, natural environment, economic opportunities, and proximity to other major centres, such as Auckland and Hamilton.

Tauranga’s speed and scale of long-term growth has placed pressure on the city, requiring costly investment into key infrastructure. Several large-scale projects are underway across the city to better position the city to accommodate growth. These large projects are in response to local growth pressures, community aspirations and a realisation that there has been a lack of prioritisation of social infrastructure resulting in a city centre that is not commensurate to New Zealand’s fifth largest city.

Tauranga and the subregion are currently without a permanent city centre library, museum, or community space in the city centre. The city lacks identity, is disconnected from its natural environment, and suffers from a lack of vibrancy commonly seen in other major cities. Now that the original library and civic administration buildings have been demolished, Te Manawataki o Te Papa offers an ideal place to start creating a vibrant heart to the city centre through innovative and inclusive spaces that reflect our arts, culture, heritage, and identity.

This business case builds on earlier work to reconfirm the validity of Te Manawataki o Te Papa. It highlights that the community has consistently told us that a more vibrant and active city centre is a priority for future Tauranga. It demonstrates to the community and to investors that the project will deliver the best value for our communities. It also tests the viability of Te Manawataki o Te Papa alongside other projects to ensure we have a package of “right-sized” facilities to fit our fast-growing city.

This business case validates the Single-staged Te Manawataki o Te Papa as the preferred option (as outlined in the refreshed Te Manawataki o Te Papa masterplan) and recommends proceeding with the delivery of this programme of works at an estimated capital cost of \$308.9 million over the period of 2022 to 2027/28.

1.1 WHAT IS TE MANAWATAKI O TE PAPA?

Te Manawataki o Te Papa is a re-commitment to city centre regeneration with the potential to reinstate the heart of our city centre in partnership with mana whenua as the civic and cultural capital of the Bay of Plenty.

The proposed public good investment 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 for years to come. Its premise is that development of a civic campus would create a new and vibrant civic heart which engenders a sense of ownership and community pride in activities and experiences that capture the essence of Tauranga Moana, while showcasing its geographical location on the harbour's edge.

Core elements of Te Manawataki o Te Papa are summarised below and a site map is provided in Figure 7.

| | |
|---|--|
| Library and Community Hub GFA: 5,613m ² | The Library and Community Hub will provide library, archive, community space, and customer service functions. It will also provide a café, and kiosk providing I-Site and site wide ticketing functionality. A multi-purpose facility that incorporates an integrated customer services function and provides for community activities beyond simply a traditional library. |
| Museum and Exhibition Centre GFA: 780m ² (museum), 820m ² (exhibition) | Tauranga has a proud history and extensive Heritage Collection. The Museum will become the realisation and vessel for the protection, preservation, care, and enjoyment of the Heritage Collection for locals and visitors. An active and social space that celebrates the history of Tauranga and the Bay of Plenty, with the ability to host international quality exhibits. |
| Civic Whare GFA: 581m ² | Celebrating the culture and heritage of Tauranga Moana, a multipurpose facility that will primarily function as a formal community meeting house (e.g., Council meetings) and a venue for significant decision-making. |
| Public Realm | The public realm is an integral part of Te Manawataki o Te Papa and will provide a high amenity outdoor space that will be used for celebration events (e.g., Matariki, ANZAC day), markets and festivals, public concerts and other community events. |
| Marine wharf and pavilion | A new wharf and hospitality structure offering a viewing platform with views across |



The gifting of the name Te Manawataki o Te Papa

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.

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.

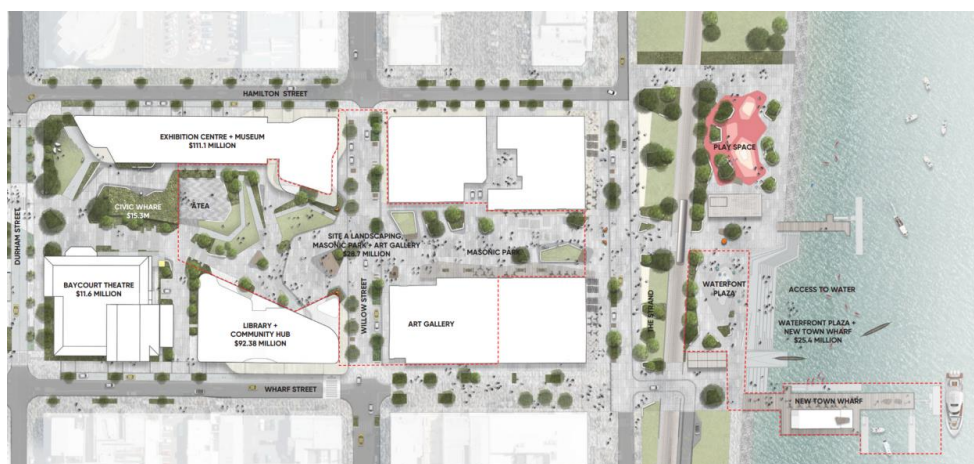
The *tohu* (logo) for Te Manawataki o Te Papa was developed by local artist and designer Quinton Bidois. The artistic design represents the strength, power and mana in the movement of the tides, as well as the merging of people into the centre of the city, reflected as a treasure in the form of a *pāua* inlay.

The words alongside the *tohu* translate to mean: 'The heartbeat of Te Papa - the deep springs, the richness of the land, the landing of many canoes, the home of the people.'

| | |
|--|--|
| | Tauranga's Waterfront that may include alfresco hospitality, marine tourism Services e.g., craft hire, public (water taxi) and commercial (charters) docking and a Waka launching area. |
| Baycourt Community and Arts Centre (Baycourt) upgrade | An upgrade of Baycourt that will modernise the facility and reflect the architectural design of other buildings within the Civic Precinct. |
| Art Gallery entrance re-orientation | Creation of an entrance to engage with Masonic Park and Te Manawataki o Te Papa users, including the enhancement of visibility and identity of the art gallery within the cultural precinct. |

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. Developed in collaboration with mana whenua, 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.

Figure 7: Te Manawataki o Te Papa at a glance



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.

Te Manawataki o Te Papa will further Tauranga's status as the heart of the Bay of the Plenty region, providing an '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 spaces that can attract international and national tours.

The benefits Te Manawataki o Te Papa will bring are widespread, reaching out to the region and providing a site that captures and reflects Tauranga's unique cultural heritage. The story of Tauranga is nationally significant, as one of the first landing places for Māori and the location of key historical events such as the Battle of Gate Pa. Te Manawataki o Te Papa will showcase this history, connecting people with the whenua, providing learning opportunities and creating a sense of community, inclusion, and social cohesion for the city. It will also provide facilities needed to support residential growth and intensification along the Te Papa corridor.

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.

1.2 VALIDATING TE MANAWATAKI O TE PAPA

Re-confirming the validity of Te Manawataki o Te Papa to ensure we deliver the best value for our communities.

New build community and cultural facilities in the heart of our city has been an opportunity considered in different forms over the last few decades, with a new museum being debated in the lead up to the 2006 Long Term Plan (LTP) and various subsequent LTPs, and wider civic space options being explored since 2016.

Te Manawataki o Te Papa is the current opportunity that is well-progressed in terms of design, with construction planned from November 2023 to April 2027 (expedited) or January 2028 (extended). The original catalyst for the current plan was the discovery of toxic mould in the council administration building in the city centre in November 2014, which was demolished in 2017, soon followed by the demolition of adjoining Council buildings in 2022. There has been a series of Council decisions, including the development and refresh of the Civic Masterplan, that have led to the current design for the civic and cultural heart of the city centre (refer Table 5):

Table 5: Council Decisions

| Date | Council decision |
|------------------|--|
| 20 February 2018 | Accept the Willis Bond Masterplan in principle (similar scope to the refreshed masterplan but includes council office building and carparking building). |
| 6 December 2021 | Formal adoption of Te Manawataki o Te Papa (Civic Precinct) Masterplan (Refreshed 2021). 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. |
| 27 June 2022 | Adoption of the Long-term Plan Amendment 2021-2031, which approved a \$303.4 million investment in developing the city centre over eight years |

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through the Te Manawataki o Te Papa (Civic Precinct) Masterplan (Refreshed 2021).

- 12 December 2022** Approval of the preliminary design and costs for Site A development; reconfirmed that the programme of works is subject to achieving 50 percent of funding from sources other than rates-funded debt; and authorised entering into a Development Commitment with Willis Bond to progress the developed and detailed designs.

Given the project's level of progress to date, the business case aims to reconfirm the validity of Te Manawataki o Te Papa as outlined in the Te Manawataki o Te Papa (Civic Precinct) Masterplan (Refreshed 2021) to ensure we have a robust investment story.

1.3 BUSINESS CASE OBJECTIVES

The project team established the following four objectives for the business case project:

1. Build investor and community confidence
2. Test the viability of the preferred Masterplan option in terms of benefits and costs
3. Define the service delivery and operating model to optimise utilisation and benefits
4. Provide an initial assessment of Te Manawataki o Te Papa alongside the proposed stadium and hotel and conference centre projects.

1.4 BUSINESS CASE APPROACH

The business case is broadly set out in alignment with Treasury's Better Business Case approach. However, the processes implemented in developing the business case are tailored to reflect:

- the significant amount of work to date
- target audience requirements
- available business case budget.

This business case has been coordinated by Tauranga City Council and Rationale and is underpinned by both the historic and contemporary studies, masterplans and Council reports generated on city centre revitalisation.

The project team included:

| | |
|-----------------|--|
| Marty Grenfell | Chief Executive |
| Christine Jones | General Manager, Strategy and Growth |
| Gareth Wallis | General Manager, City Development and Partnerships |
| Barbara Dempsey | General Manager, Community Services |
| Paul Davidson | Chief Financial Officer |
| Jeremy Boase | Manager Strategy and Corporate Planning |
| Mike Naude | Director Civic Development |
| Edward Guy | Rationale (external consultant) |
| Sarah Stewart | Principal Strategic Advisor |
| Helen Andrews | Financial Analyst |

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| | |
|---------------|---------------------------|
| Malcolm Gibb | Finance Contractor |
| Anne Blakeway | Manager City Partnerships |

The Project Team was supported by the following external project advisors:

Edward Guy, Managing Director, Rationale
David Norman, Chief Economist, GHD
Tim Dowson, Independent Consultant – Operations
Ben Gonzalez, Rationale, Forecast Demand Modelling

The structure of the business case uses the Treasury's five case model⁷:

1. Strategic Case
2. Economic Case
3. Commercial Case
4. Financial Case
5. Management Case.

⁷ The five-case model is the methodology of Treasury's Better Business Case.

Strategic Case



2 STRATEGIC CASE

The strategic case confirms the strategic context for the investment proposal. It establishes the investment objectives and makes a compelling case for change.

2.1 COUNCIL'S ROLE IN CREATING A VIBRANT AND INCLUSIVE CITY CENTRE

Creating a new and vibrant cultural and civic heart for the city that engenders a sense of ownership and community pride and captures the essence of Tauranga Moana.

Councils exist to look after the interests of communities with the overall purpose to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future (Local Government Act, 2002).

Social investment in the city centre that is designed to strengthen and improve the quality of life is a function that Council can undertake to achieve social, cultural, and economic outcomes. The provision of amenities such as community spaces, libraries, museums, city events and public spaces are core Council functions. The outcomes of providing such facilities, however, go beyond buildings and services into the creation of a sense of identity, building places of belonging, and encouraging inclusion within communities.

Our communities have clearly and consistently told us that this is important to them. A vibrant, well-planned city centre that is inclusive, accessible, and diverse, with more activities and events for all to enjoy⁸ have been key community messages. The significant cultural value the city centre holds to mana whenua has also been highlighted as important to acknowledge and celebrate. Te Manawataki o Te Papa delivers on Council's policies and strategies and seeks to establish Tauranga's city centre as the commercial, civic, and cultural heart of the Western Bay of Plenty subregion and a unique civic destination for the stories and decision making of Tauranga and its people.

This proposed investment seeks to develop more than a campus of civic and cultural buildings and aims to create the beginnings of a city centre that reflects local needs and aspirations, now and for the future – a city centre our communities can be proud of.

In doing this, the benefits Te Manawataki o Te Papa will bring are widespread, reaching out to the region and nation providing a site that captures and reflects Tauranga's unique cultural heritage. The story of Tauranga is nationally significant, as one of the first landing places for Māori and the location of key historical events such as the Battle of Gate Pa. Te Manawataki o Te Papa will showcase this history, connecting people with the Whenua, providing learning opportunities and creating a sense of community and inclusion for the city. It will also provide facilities needed to support residential growth and intensification along the Te Papa corridor.

⁸ Vital Update (2020), City Vision (2022)

2.2 PURPOSE OF THE STRATEGIC CASE

The purpose of the strategic case is to summarise the case for change and to demonstrate Te Manawataki o Te Papa's strategic fit. The strategic case:

- Provides an overview of the history and background to this proposed investment
- Outlines how the programme aligns with Council, subregional, and Government priorities and strategies
- Outlines the current problems that the proposed investment will address
- Summarises the objectives for the preferred way forward
- Presents the benefits the programme anticipates achieving and how risks will be managed/mitigated
- Identifies key organisations and their involvement.

2.3 BUSINESS CASE SCOPE

Proposed Council investment in the city centre is currently divided into three distinct sites as shown in Table 6. The scope for this business case primarily includes the following elements accommodated on Site A (as defined below and shown in Figure 8) with the addition of the wharf at the end of Wharf Street⁹:

- Library and Community Hub (including library and customer services)
- Museum and exhibition centre
- Civic Whare
- Baycourt refurbishment
- Civic plaza
- Art Gallery Entrance re-orientation
- Masonic Park upgrade
- Wharf (at the end of Wharf Street)
- Public realm.

Table 6: Description and outline of key elements included in Site A, Site B and Site C

| | Description | Key elements proposed |
|---|---|--|
| SITE A Civic Precinct Site bounded by Durham, Hamilton, Wharf and Willow Streets and includes Masonic Park. | Te Manawataki o Te Papa as shown in Figure 3 below. | <ul style="list-style-type: none"> • Library and Community Hub (including library and customer services) • Museum and exhibition centre • Civic Whare • Baycourt refurbishment • Civic plaza • Art Gallery Entrance re-orientation • Wharf (at the end of Wharf Street) • Public realm |
| SITE B (outside scope of Business Case) | A feasibility exercise is currently underway to better understand the opportunity for this site to house a conference centre, hotel and new | <ul style="list-style-type: none"> • Conference Centre • Hotel • Performance Venue |

⁹ The scope differs from the 2016 Civic Space Options Programme Business Case which included office accommodation for Council staff and development of Site B.

| | | |
|---|---|---|
| 21- 41 Durham Street (formerly known as the TV3 Site) | performance venue. Preliminary work has indicated that the city is in need of these facilities, all of which would complement Te Manawataki o Te Papa development. In order to achieve any of these outcomes on Site B, Council will need to consider the feasibility report and alternate development models. If appropriate, development options for Site B could be consulted on through the upcoming Long-term Plan consultation process. | |
| SITE C (outside scope of Business Case) Waterfront Reserve from The Strand to Dive Crescent | <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 subregion.</p> <p>It should be noted that \$83.7 million is already allocated to waterfront projects including the Beacon wharf upgrade, strand waterfront reserve, waterfront playground and the Memorial Park to city centre coastal connection. Although outside the scope of this business case, these projects will support the Te Manawataki o Te Papa development investment objectives through activating the city centre.</p> | <ul style="list-style-type: none"> • New waterfront playground • Memorial Park to city centre coastal connection • Wharewaka and waka launching ramp • Living seawalls • Beacon wharf upgrade • Masonic Park redevelopment • Commercial wharf redevelopment <p>For more information on plans to revitalise the waterfront, refer to Tauranga Moana Waterfront Plan¹⁰.</p> |

¹⁰ <https://www.tauranga.govt.nz/Portals/0/data/future/civic-redevelopment/files/tauranga-moana-waterfront-plan.pdf>

Figure 8: Map showing location of the Te Manawataki o Te Papa elements



As stated above, this business case primarily focuses on Site A and the wharf. Projects within Site B are concept only with no feasibility or detailed works complete. Site C projects relate to the waterfront and will be more fully developed alongside the Marine Facilities Action and Investment Plan and the Tauranga Moana Waterfront Plan (2022), that was developed in partnership with landscape architects and urban designers LandLAB and guides development on the waterfront over the next 10 years.

Wider testing with Site B and the proposed stadium (located at the Domain) is provided in the Economic Case as a secondary assessment to 'test' if we have the 'right sized' investment for our city.

2.4 THE STRATEGIC CONTEXT

Consideration of new build community and cultural facilities in the city centre has been in development in different forms over the last 18 years and has been considered in various Council Long-term Plans during that timeframe. Figure 9 provides a summary timeline of key events relating to the civic precinct site over the last ten years, including the demolition of Council's Willow Street buildings in 2022.

Figure 9: Timeline showing key events relating to the civic precinct site spanning ten years

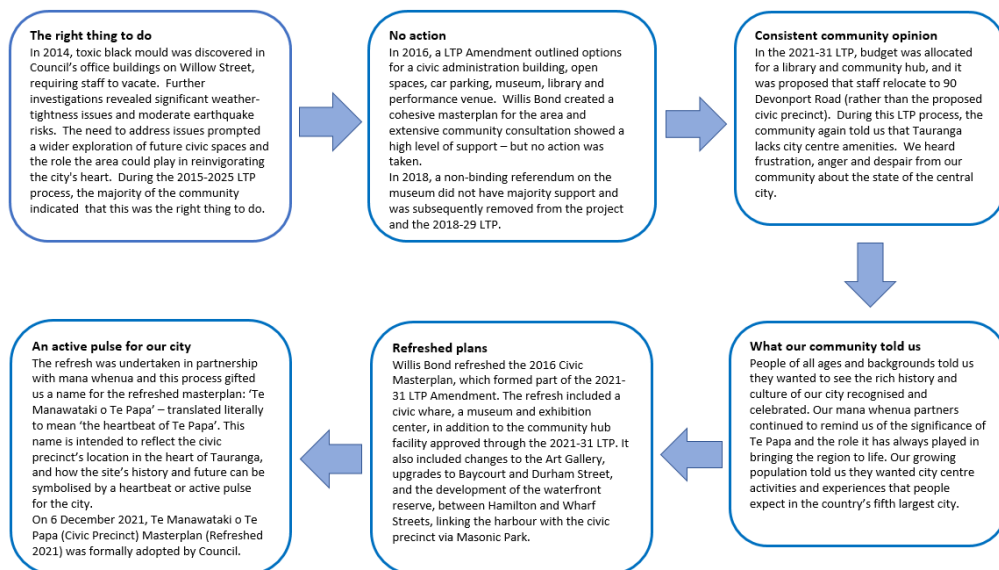


2.4.1 Key Council decision-making

A Civic Space Programme Business Case was developed and adopted by Council in 2016. The 2016 business case sought Council approval to pursue a suite of projects to transform the two-hectare Council-owned site at 91 Willow Street into the civic heart for Tauranga City. This was followed by a 2018 Civic Precinct Masterplan that provided direction for the future development of Site A and Site B. Extensive community consultation took place but for various reasons (such as political indecision and despite general overall support for the masterplan, a lack of community support for a museum), the Civic Precinct Masterplan was not implemented at this time.

With the appointment of Commissioners to Council in 2021, the Civic Precinct Masterplan was re-considered. Council included a budget in the Long-term Plan (LTP) 2021-31 for the development of a new library and Library and Community Hub on the civic precinct site. Following the adoption of the LTP 2021-31, Council issued a design brief to Willis Bond to prepare a Civic Masterplan Refresh, to reflect the strategic decisions Council had made as part of the LTP process. Te Manawataki o Te Papa (Civic Precinct) Masterplan (Refreshed 2021)¹¹ was prepared in collaboration with mana whenua, including representatives from Ngai Tamarāwaho, Ngāti Tapu and Te Materāwaho, as collectively represented by the Otamataha Trust. As part of the refresh, the Masterplan was expanded to include the waterfront reserve, between Hamilton and Wharf Streets, linking the moana with the civic precinct via Masonic Park. Background to key Council decision making is provided in Figure 10. For a list of key Council decisions dating from June 2015 to December 2022 refer Appendix 1.

Figure 10: Background to project and key Council decisions



¹¹ A copy of Te Manawataki o Te Papa (Civic Precinct) Masterplan (Refreshed 2021) is available at <https://www.tauranga.govt.nz/Portals/0/data/future/civic-redevelopment/files/tauranga-civic-masterplan-refreshed.pdf>

2.4.2 Strategic alignment

Te Manawataki o Te Papa sits within a strategic context at multiple levels, including citywide, subregional, regional, and national. This section highlights how Te Manawataki o Te Papa aligns with strategies, policies and plans and identifies key stakeholders, their interests and proposed involvement.

Council and city strategies and initiatives

Te Manawataki o Te Papa has clear alignment with the city and Council's strategic direction, from the aspirational community vision and primary strategies, through to Council's action and investment plans.

Our Direction – Tauranga 2050 outlines Tauranga City Council's strategic direction and is built around the community vision 'Tauranga Together We Can' (Figure 11). In the development of the vision, three key themes were clearly expressed by the community¹² as being important for future Tauranga. These key themes form the basis of the vision statement and are also embedded in the design of Te Manawataki o Te Papa:

1. Environment – prioritising nature
2. Community and inclusivity – lifting each other up
3. Vibrancy – fuelling possibility.

Figure 11: Community Vision - Tauranga Together We Can¹³



¹² In the city vision development, Council heard from over 10,000 people.

¹³ 'kaumatua' means elders and 'rangatahi' means youth.

The Strategic Framework embedded in 'Our Direction – Tauranga 2050' is Council's response to the vision and sets out the pathway to delivery. It is developed around interweaving eight strands, made up of five community outcomes and three approaches (Figure 12) that are the foundation for the Council's LTP 2021-31 and the upcoming 2024-34 LTP.

Figure 12: Tauranga City Council's community outcomes and strategic approaches¹⁴



Current key priorities

Key priorities are focus areas where Council wants to make a significant change to timely or urgent issues. 'Community facilities' and 'City centre refresh' are two of six current key priorities for Council that Te Manawataki o Te Papa will contribute to, and to a lesser extent 'Greening the city', 'Housing' and 'Moving around the city'. These are outlined in Figure 13 and delivery of each priority will contribute to the community outcomes through a combination of primary strategies and/or action and investment plans.

Table 7 provides further detail on strategic alignment and how the delivery of Te Manawataki o Te Papa supports Council's community outcomes, key strategies and action and investment plans (action and investment plans outline the specific tactics, projects or deliverables that are needed to achieve primary strategy objectives).


¹⁴ Our Direction – Tauranga 2050



Figure 13: Council's current key priorities¹⁵





¹⁵ Our Direction – Tauranga 2050

Table 7: An outline of how the delivery of Te Manawataki o Te Papa supports Council's community outcomes, key strategies and action and investment plans

| | |
|---|---|
|  | <p style="text-align: center;">Tauranga Tāitaitaia Rā - 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.</p> |
| Primary Strategy | Connected Centres Programme, 2020 – urban development focus (Urban Form and Transport Initiative/UFTI, a shared subregional strategy) - provides an agreed, integrated delivery plan to identify an optimal long-term urban form and multimodal transport system for the western Bay of Plenty. |
| Relevant AIPs | <p>City Centre Action and Investment Plan 2022 (new, adopted August 2022) (replaces: City Centre Spatial Framework 2018, and City Centre Strategy 2012) - The City Centre Action and Investment Plan is the guiding document for the city centre and reaffirms Council's vision for the city centre – Te Rapunga Ora ki Te Papa – a great place to live, work, learn and play'. It outlines key actions that Council and partners will take over the next 10 years to continue revitalising the city centre, as the heart of the community and the subregion. Its Strategic Objectives are:</p> <ul style="list-style-type: none"> • A city centre for people, a great place to live, work, learn and play, that prioritises people at its heart. • An accessible city centre, that supports walking, cycling, micro-mobility and public transport for all ages and abilities. • A waterfront city centre, where high-quality, vibrant spaces connect people with the moana. • A city centre with identity and culture, that represents our culture and heritage, and enhances our sense of place. • An engaging city centre, that is vibrant and inclusive, with exciting things to do for people of all ages, stages, and abilities. • A city centre in nature, that embraces its natural environment, integrating with waterways and open space. <p>Te Papa (Peninsula) Spatial Plan 2020 - identifies the strategic role the city centre has to play as the commercial, cultural and civic heart of the subregion and the need for an immediate focus on city centre regeneration.</p> <p>Our Public Places Strategic Plan - He tauranga tangata)</p> |
| Te Manawataki o Te Papa alignment | <ul style="list-style-type: none"> • The community and cultural facilities that make up Te Manawataki o Te Papa contribute to all six strategic outcomes contained within the City Centre Action and Investment Plan by delivering well planned civic and cultural facilities that seamlessly interconnect with each other and the environment, creating improved amenity, accessibility, and vitality. • The city centre is vibrant, and we have quality public spaces that provide opportunities for us to relax and connect. • We have easy access to a variety of open spaces, suitable for a range of uses and quality, fit-for-purpose community facilities • Wider civic precinct development stimulates additional houses |

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|  | <p>Tauranga Matarauui - We are an inclusive city</p> <p>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.</p> |
| <p>Primary Strategy</p> | <p>Tauranga Matarauui – Inclusive Strategy 2022-23 provides a pathway to becoming an inclusive city, and through this to lifting each other up. This strategy seeks to support people to flourish.</p> |
| <p>Relevant AIPs</p> | <p>Tauranga Events Action and Investment Plan (2022-32) - Events are important for community wellbeing. They build feelings of belonging, identity and a sense of pride and help grow awareness of our culture and our diverse communities.</p> <p>Accessible Tauranga Action and Investment Plan (Draft)</p> <p>Arts and Culture Action and Investment (Draft)</p> <p>Community Wellbeing Action and Investment Plan 2018-2021 (future review planned)</p> |
| <p>Te Manawataki o Te Papa alignment</p> | <ul style="list-style-type: none"> • Creation of community, civic and cultural facilities that are inclusive spaces that generate a sense of connection and identity. • Acknowledgement and celebration of the history and cultural significance of the civic site and the telling of Tauranga Moana stories. • A 'sense of place' and 'pride' in Tauranga city is enhanced. • A wide range of community facilities are built that connect our communities and reflect and celebrate who we are. • Cultural experiences showcase our history and heritage in a way that we can be proud of. |
|  | <p>Tauranga Eke Tangaroa - We support business and education</p> <p>Tauranga is a city that attracts and supports a range of businesses and education opportunities, creating jobs and a skilled workforce</p> |
| <p>Primary Strategy</p> | <p>Western Bay of Plenty Economic Strategy, 2023 (Priority One, a shared subregional strategy, replaces SmartEconomy 2012) - To grow the value of our economy in an intelligent way; creating a prosperous, sustainable region that contributes to improved social, cultural, and environmental outcomes benefiting everyone in our rohe</p> |
| <p>Relevant AIPs</p> | <p>Priority One Business Plan -Regional Growth Agenda (joint, P1-led)</p> <p>WBOP International Strategy 2019-2022 (joint, P1-led) - seeks to leverage the collaborative efforts of councils and community partners to target investment, business and skills attraction that generates more local jobs, creates a wider range of employment opportunities, and retains more skills in the local community</p> <p>Tourism BOP Visitor Economy Strategy 2018-2028 (joint, TBOP-led) – growing the visitor economy for the benefit of our community</p> <p>Te Ha Tapoi -Tourism Strategy 2019-2022 (joint, TBOP-led) – growing a sustainable visitor economy for the benefit of our community</p> |
| <p>Te Manawataki o Te Papa alignment</p> | <ul style="list-style-type: none"> • 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. • A strong and vibrant city centre that acts as the commercial and educational hub for the region. • Educational opportunities and outcomes are enhanced, particularly among young users. |

| | |
|---|--|
|  | <p style="text-align: center;">Tauranga Taurika - 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.</p> |
| <p>Primary Strategy</p> | <p>Tauranga Taurikura – Environment Strategy 2022-23 provides a pathway to valuing, protecting, and enhancing our natural environment, and through this to prioritising nature in our city.</p> |
| <p>Relevant AIPs</p> | <p>Nature and Biodiversity Action and Investment Plan (Draft) Climate Action and Investment Plan (Draft)</p> |
| <p>Te Manawataki o Te Papa alignment</p> | <ul style="list-style-type: none"> • Integration of natural assets into all aspects of city centre design ensures appreciation of the natural beauty of the civic site. • Telling our stories of our history and culture that strongly link to the environment actively promotes the importance of environment in Tauranga Moana. • Actively promoting biodiversity through planting. • Showcasing the waterfront through the creation of viewshafts and improved accessibility for all to value and enjoy • Green star buildings with timber construction and use of solar panels and rain harvesting are sustainable and also demonstrate environmental leadership and best practice. |
|  | <p style="text-align: center;">Tauranga Aru Rau - 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.</p> |
| <p>Primary Strategy</p> | <p>Connected Centres Programme, 2020 – transport and movement focus (Urban Form and Transport Initiative/UFTI, a shared subregional strategy) - provides an agreed, integrated delivery plan to identify an optimal long-term urban form and multimodal transport system for the western Bay of Plenty. The focus is on improved urban form and better transport choice to support people to travel less and travel differently, bringing with it many social, economic, and environmental benefits.</p> |
| <p>Relevant AIPs</p> | <p>Western Bay Transport System Plan 2021(TSP) (a shared, subregional strategy) - The TSP supports UFTI and its Connected Centres concept and focuses on the transport initiatives to enable it over the first 30 years. In doing this the Transport System Plan looks at transport including roads, rail, public transport, freight, walking and cycling. The TSP also considers other factors like parking and public transport fees and a commitment to carbon emission reduction.</p> |
| <p>Te Manawataki o Te Papa alignment</p> | <ul style="list-style-type: none"> • Improved accessibility and mobility within the civic centre, both between buildings and to the waterfront area. • Denser development stimulated in the city centre produces lower emissions per capita. • Accessibility and connectivity will be reflected in the way people can move within the heart of the city – between the museum and exhibition centre and the civic whare. |

Delivery on Council's Approaches

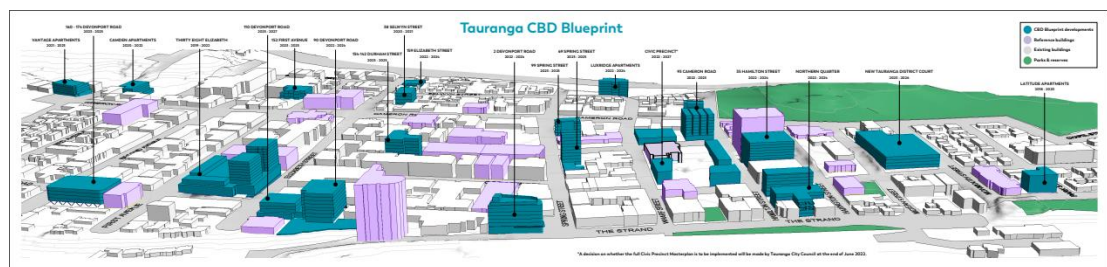
As outlined above Council has adopted three approaches which guide how we do things. The development of Te Manawataki o Te Papa will work to embody these approaches both in the development of the precinct and in its operational form once delivered (refer Table 8).

Table 8: How Te Manawataki o Te Papa aligns with Council's strategic approaches¹⁶

| | | |
|--|--|--|
| | <p>Te Ao Māori</p> <p>We are committed to understanding and applying key Māori concepts that enhance outcomes for the community, thereby bringing to life the principles of Te Tiriti o Waitangi.</p> | <p>Mana whenua and Council will work in partnership to support tangata whenua aspirations and recognise and reflect cultural values in Te Manawataki o Te Papa projects through design, implementation and service provision, using Te Manawataki o Te Papa as a vehicle to celebrate and recognise the unique history of Tauranga Moana and tangata whenua.</p> <p>This will have the outcome of ensuring that Māori culture has a prominent role in the city centre, demonstrated in part by the civic whare in the heart of the civic precinct and the partnership approach with mana whenua in terms of ownership and in all aspects of design, and building our communities' understanding and support for Tauranga's culture and history.</p> |
| | <p>Sustainability</p> <p>Sustainability underpins our decision making and service delivery, protecting the future of our city.</p> | <p>Sustainability will be woven into how Te Manawataki o Te Papa is delivered to ensure holistic thinking for the long-term. The design and layout of facilities appreciate the natural landscape, with conceptual approaches used that reflect the natural environment e.g., water movement from spring to sea and character of buildings reflecting the idea of water shaping and carving out public space. All buildings are planned to be green star certified, with timber construction and use of solar and rain harvesting.</p> <p>Te Manawataki o Te Papa will also deliver social, economic, and cultural sustainability, bringing people together in the heart of the city centre, building connection and pride of place by celebrating Tauranga's culture, and providing opportunities for people to explore and enjoy a range of activities and built spaces. This in turn will revitalise the city centre, delivering economic benefits.</p> |
| | <p>Working beyond Tauranga</p> <p>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 region.</p> | <p>Te Manawataki o Te Papa will provide community and cultural facilities that are commensurate with being the fifth largest New Zealand city, enabling Tauranga to attract major international and national touring exhibitions, which will in turn contribute to the success of our subregion, Bay of Plenty region, and wider New Zealand.</p> |

¹⁶ Our Direction – Tauranga 2050

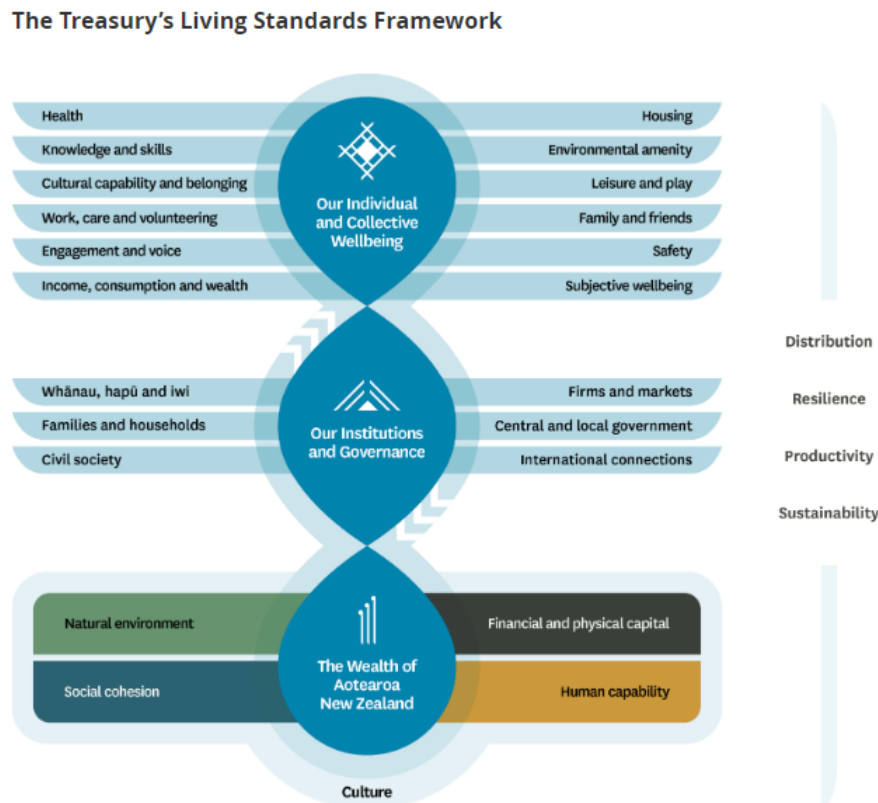
Figure 14: Catalyst for growth and renewal of the city centre - map identifying development sites in the city centre



The Treasury's Living Standard's framework, Ministry of Social Development's social cohesion framework, the new Ministry of Education initiative to include history into all schools in 2023 and Creative New Zealand's valuing of the arts all provide a national context for Te Manawataki o Te Papa.

¹⁷ <https://www.treasury.govt.nz/information-and-services/nz-economy/higher-living-standards/our-living-standards-framework>

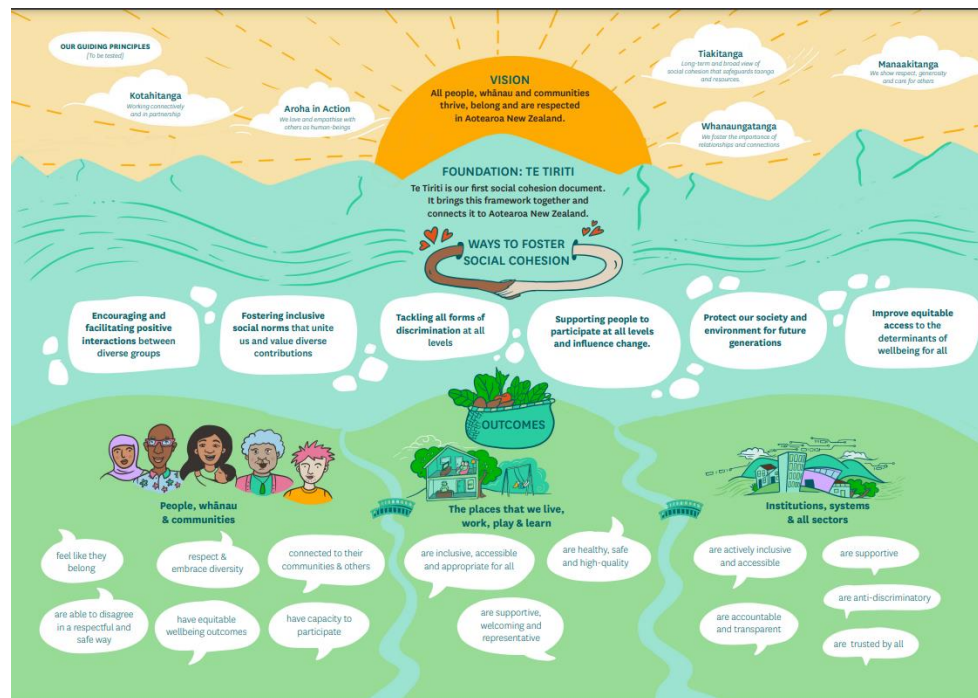
Figure 15: Treasury's Living Standards Framework



Ministry of Social Development's Social Cohesion Strategic Framework is a high-level plan about what social cohesion looks like in New Zealand (social cohesion is also one of four factors of the 'wealth of Aotearoa' of the LSF) and how we can get there. "In a cohesive society, all people need to share a sense of belonging, inclusion, participation and legitimacy"¹⁸. It's about how we are, together". A diagram showing how MSD's social cohesion framework works is shown in Figure 16. It contains the vision, principles, and how MSD intends to foster social cohesion and the outcomes they want for people, whānau and communities; the places that we live, work, play and learn; and, institutions, systems and all sectors. This is particularly relevant to Te Manawataki o Te Papa as essentially the project is about connecting people and creating a sense of belonging through the creation of a place to work, play and learn.

Figure 16: Ministry of Social Development's Social Cohesion Strategic Framework

¹⁸ <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/consultations/social-cohesion-consultation-pack/why-social-cohesion.html#:~:text=In%20a%20cohesive%20society%2C%20all,about%20how%20we%20are%2C%20together.>



Ministry of Education's Aotearoa New Zealand's Histories and Te Takanga o Te Wā outlines that from 2023, Te Takanga o Te Wā and Aotearoa New Zealand's histories will be part of all kura and schools' marau ā-kura and local curriculum. The objective is to ensure that all ākonga (student/learner) in schools learn how our histories have shaped our present day lives. The update to the national curriculum will ensure that all ākonga leave school with an understanding of our histories, and how they have shaped our nation. Te Manawataki o Te Papa would provide an invaluable teaching/learning resource to support this initiative.

Creative New Zealand's Te whakaputa hua ki te hunga o Aotearoa (2019-2029) demonstrates how Creative New Zealand plans to deliver value to New Zealanders through support for the arts and ngā toi.¹⁹ The four strategic perspectives (Figure 17) are grounded in the vision of a 'dynamic and resilient New Zealand arts, valued in Aotearoa and internationally'. Investment in arts and culture has been called for by Tauranga arts sector for some time. Strengthening the art sector at a local level through Te Manawataki o Te Papa will have community benefits for the subregion, region and New Zealand.

¹⁹Toi (noun) art, knowledge. Source: Te Aka Māori Dictionary <https://maoridictionary.co.nz>. Note: Creative New Zealand is working with the ngā toi Māori sector to provide a definition of ngā toi that explains its broader meaning and significance.

Figure 17: Creative New Zealand's four strategic perspectives



2.4.4 Tauranga's collaborative approach to get our city's heart pumping

A partnership approach has been key to the ongoing development of the planning and design of Te Manawataki o Te Papa. Key agencies and groups are outlined in Table 9 with further discussion relating to mana whenua and other city partners provided below.

Table 9: Key agencies and groups with an interest in Te Manawataki o Te Papa

| Stakeholder | Interest |
|---|---|
| Tauranga City Council | Social investment in Te Manawataki o Te Papa is designed to strengthen and improve community wellbeing through achieving social, cultural, and economic benefits. The outcomes of providing services such as a Library and Community Hub, museum and a civic whare go beyond physical buildings and programmes into the creation of a sense of identity, creating places of belonging, and encouraging inclusion within communities. |
| Mana whenua partners – Otamataha Trust | The Civic Precinct site is culturally significant to tangata whenua of Tauranga Moana, particularly Ngai Tamarāwaho, Ngāti Tapu and Te Materāwaho. Mana whenua have been key partners in this project on multiple levels (refer further discussion below). |
| Bay of Plenty Regional Council | Regional Council is responsible for guiding and supporting the sustainable development of the Bay of Plenty region. Its interest is on the environmental sustainability of Te Manawataki o Te Papa, including its impact on modes of transport to/from the site and around the city, as well as the precinct's connection to the Tauranga Harbour. |
| Western Bay of Plenty District Council | The District Council is the territorial authority for the Western Bay of Plenty area, beyond the Tauranga City Council boundaries. Te Manawataki o Te Papa will be a significant community and cultural development that draws people from the surrounding townships into the area, as well as stimulating economic activity through increased tourism throughout the region. |
| Priority One | Priority One is the economic development agency for the Western Bay of Plenty subregion. With its role of growing a sustainable economy that improves productivity and delivers prosperity to local people and community, they are committed to helping the city develop and to reinstating it as the civic, commercial, and cultural heart of the region. |
| University of Waikato | The University of Waikato is one of eight universities in New Zealand and services the Waikato and Bay of Plenty regions. Of significance to the university is the long-term economic health of its core regions. Te Manawataki o Te Papa along with the new Tauranga city centre campus helps to revitalise the city centre and attract more students, which helps support the city's economic prosperity by increasing the proportion of tertiary educated residents. |
| Urban Taskforce | The Urban Taskforce is the collective voice of Tauranga's property ownership, development and building communities. Te Manawataki o Te Papa and revitalisation of the city centre are directly related to the purposes of the Taskforce: to provide property leadership, advocate for planning and investment decisions that create meaningful changes to the city, and to promote growth and collaboration. |
| Mainstreet | Mainstreet Tauranga is a membership based not-for-profit organisation that promotes local businesses in the city centre and encourages their development. Its vision is to have a vibrant, diverse, and thriving city centre with remarkable attractions, amenities and offerings that enrich, inspire and meet the needs of people who live, work and visit. Te Manawataki o Te Papa will be a major catalyst that helps achieve Mainstreet's vision. |

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|---------------------------------------|--|
| City centre business | The central city has a wide range of commercial, retail and hospitality businesses that rely on visitor spending for their survival. Te Manawataki o Te Papa will help to attract more local and out of town visitors to the city centre and significantly boost their number of customers. These organisations also have a vested interest in ensuring that business activity is not negatively impacted by the development or the construction process that makes it difficult for them to continue operating in the city centre. |
| TECT | TECT is a community focused trust with the purpose “to make a significant impact on shaping the quality of life and wellbeing of current and future generations in the Western Bay of Plenty”. Te Manawataki o Te Papa may be of interest to TECT as “it strives to support a thriving, caring and connected community”. |
| Ratepayers and residents | The community has told us their desire to live in an attractive, vibrant, safe, and inclusive city during the Long-term Plan Amendment process (2022). Residents and ratepayers were generally supportive of Te Manawataki o Te Papa as it provides a range of cultural and community facilities and events that help contribute to a thriving city centre. |
| Kāinga Ora | Kāinga Ora's role is to deliver housing and urban development, transforming communities through the provision of sustainable housing and the creation of quality urban environments that connect people with jobs, transport, open spaces and facilities. Their vision statement is 'Building better, brighter, homes, communities and lives' and as part of delivering on this vision they are working to increase density in key urban areas across New Zealand's cities. Te Manawataki o Te Papa will help to support this vision statement on the Te Papa peninsula. |
| Ministry of Education | Te Manawataki o Te Papa would provide an invaluable teaching/learning resource for the subregion and region that supports Ministry of Education's Aotearoa New Zealand's histories and Te Takanga o Te Wā initiative by providing services that tell the rich and diverse stories of Tauranga Moana's past. |
| Ministry of Social Development | The Ministry's focus on creating a cohesive society where all people need to share a sense of belonging, inclusion, participation, and legitimacy aligns with Te Manawataki o Te Papa. A core objective of this Te Manawataki o Te Papa is to create inclusion and social cohesion within Tauranga City. |
| Creative New Zealand | Te Manawataki o Te Papa will contribute to Creative New Zealand's four strategic perspectives through strengthening and supporting the arts and culture sector locally, regionally, and nationally. |

Partnering with mana whenua to restore mauri to the city

The civic precinct site has a long, complex, and contentious history²⁰ with mana whenua suffering disconnection and alienation from the whenua. Council and mana whenua have partnered on this once-in-a-generation opportunity to reinvigorate the mauri within the land and create a space where people can connect, as they did generations ago - a city centre that reflects the once thriving central Kāinga (village) of early Tauranga.

Mana whenua have been key partners as demonstrated on multiple levels:

- Establishment of a CCO with Council and Otamataha Trust (mana whenua) to co-own the land of the civic precinct site
- Mana whenua developed four guiding pillars (Pou) that reflect the city's history to enable Te Manawataki o Te Papa to be delivered and operated in a culturally accepted way
- Continuous engagement and involvement of mana whenua in all aspects of design and planning.

²⁰ For further detail refer to 25 July 2022 Council report 'Te Manawataki o Te Papa – Securing land for future generations and ongoing use' and for further historic analysis of land transactions refer *Te Papa: Naboth's Vineyard* by Dr Alistair Reese.

Pou that guide the design, delivery, and operation of Te Manawataki o Te Papa are a foundation to this business case, and therefore, are evident throughout. Figure 17 presents four mātāpono (themes) for each Pou (guiding pillar).

Figure 17: Guiding pillars or Pou for the design, delivery, and operation of Te Manawataki o Te Papa

| | |
|--|---|
| | <p>The four pou, or guiding pillars, defined by our mana whenua partners, are the values we will use to guide development in the city centre over the next 10 years and beyond. Each of these mātāpono has enabled and sustained life, and inspired positive growth in Te Papa, since the area was first settled by mana whenua.</p> |
| | <p>Te Papa Houkura A wellspring of well-being</p> <p>This pou is about the health of the water, ocean and underground aquifer. The lifecycle of water, a wellspring of well-being, an intergenerational treasure, a conduit and connector for people and the environment.</p> |
| | <p>Te Papa Manawa Whenua A place of prosperity</p> <p>This pou acknowledges the well-being of the land and the environment. Our custodianship or the responsibility to take care of the natural world and the reciprocal benefits for people.</p> |
| | <p>Te Papa Kainga o Te Iwi The home of the people</p> <p>This pou acknowledges the resilient nature of the people of our city centre, historically and today, to remain steadfast in the face of adversity. This enduring spirit highlights the value of physical, mental and spiritual well-being as well as the well-being of family, the importance of education, and our role as hosts to care for our visitors and the community.</p> |
| | <p>Te Papa o Ngā Waka The landing place for many</p> <p>This pou highlights the intrinsic value of connection associated with the city centre, as the epicentre of the sub-region. The wayfinding, navigation and networking qualities of the city centre, but also people's personal journeys, inspiring their growth and empowering their aspirations.</p> |

Partnering with key stakeholders to reimagine the heart of our city using a place-based approach

In partnership with Priority One, the University of Waikato, the Ministry of Justice and the business community, a place-based approach to redefining Tauranga's city centre has been taken²¹.

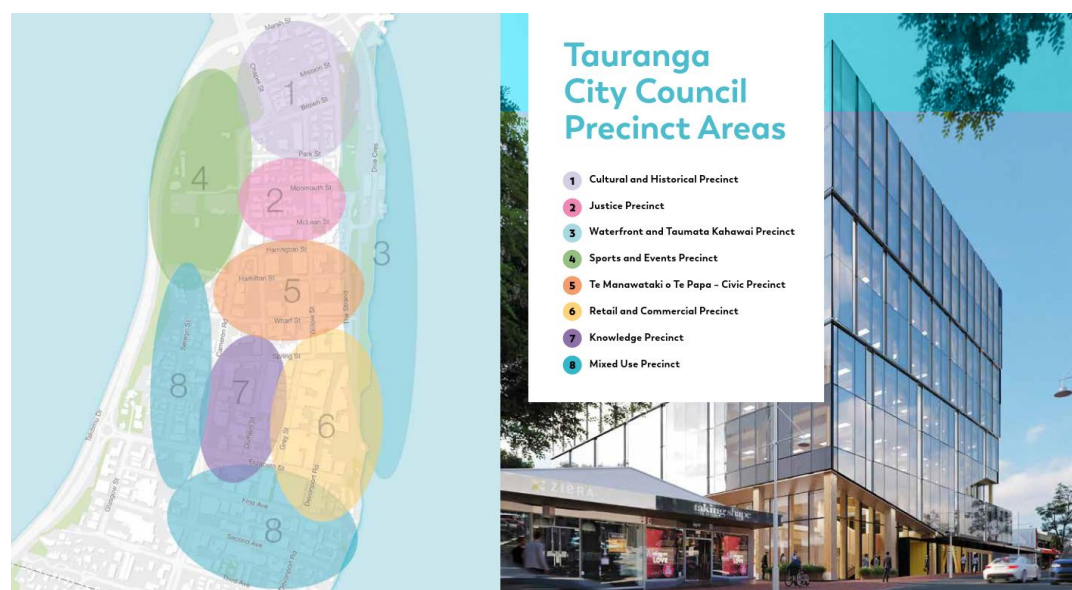
Featuring eight precincts, our City Centre Action and Investment Plan (Te Rapunga Ora ki Te Papa) and Priority One's Tauranga CBD Blueprint (as described above in the section "Strategic Context") fit together to deliver a cohesive and exciting future for our city. The precincts (refer Figure 18) have been characterised by their role and function, landform relationship to significant existing amenities and proximity to infrastructure and transport. They are places with purpose.

Precincts help to make cities more liveable – allowing people to live, work, learn and play within close proximity. They create better placemaking outcomes, drive greater activation and collaboration, boost economic growth and opportunities, and result in better integration of land use and infrastructure investment planning.

At the centre of all precincts and placemaking projects are the people, communities, and businesses they serve. Tauranga's city centre will be uniquely shaped by precincts to help support the growth and investment required to make Tauranga's city centre a thriving, civic, commercial, and cultural hub.

As shown in Figure 18, Te Manawataki o Te Papa (5) sits within the heart of the precincts surrounded by the cultural and historical (1), waterfront (3), retail and commercial (6), knowledge (7), mixed-use (8), sports and events (4) and justice (2) precincts.

Figure 18: Tauranga City's Precinct Areas



²¹ Refer to City Centre Action and Investment Plan (2022)

2.5 THE STRATEGIC ASSESSMENT

The strategic assessment justifies the need to invest in change. It provides confidence that a proposed investment responds to a true need and links to required outcomes and benefits.

2.5.1 Investment Logic Map

This business case uses an Investment Logic Map (ILM) to ensure there is a sound problem definition. ILM is a technique to ensure that the 'story' about a proposed investment makes sense and to test and confirm that the rationale for a proposed investment is evidence based and compelling.

An ILM was completed for this project in 2016 and refreshed in 2023. The current ILM has had input from the Commissioners and the Council Executive Team in a workshop held in December 2022. The key difference between the 2016 and 2023 ILMs is the addition of a new investment objective focusing on 'inclusiveness, sense of belonging and cultural identity'. This reflects key themes highlighted by the community through Council's city vision work as being important for future Tauranga.

The ILM sets out the core problems and benefits to investment, along with the strategic response. The 2023 ILM is presented in Figure 19 (refer Appendix 2 for 2016 Investment Logic Map).

2.5.2 Defining the problem

A city centre lacking a community, civic and cultural 'heart' with limited vibrancy and opportunities for connection to place and each other.

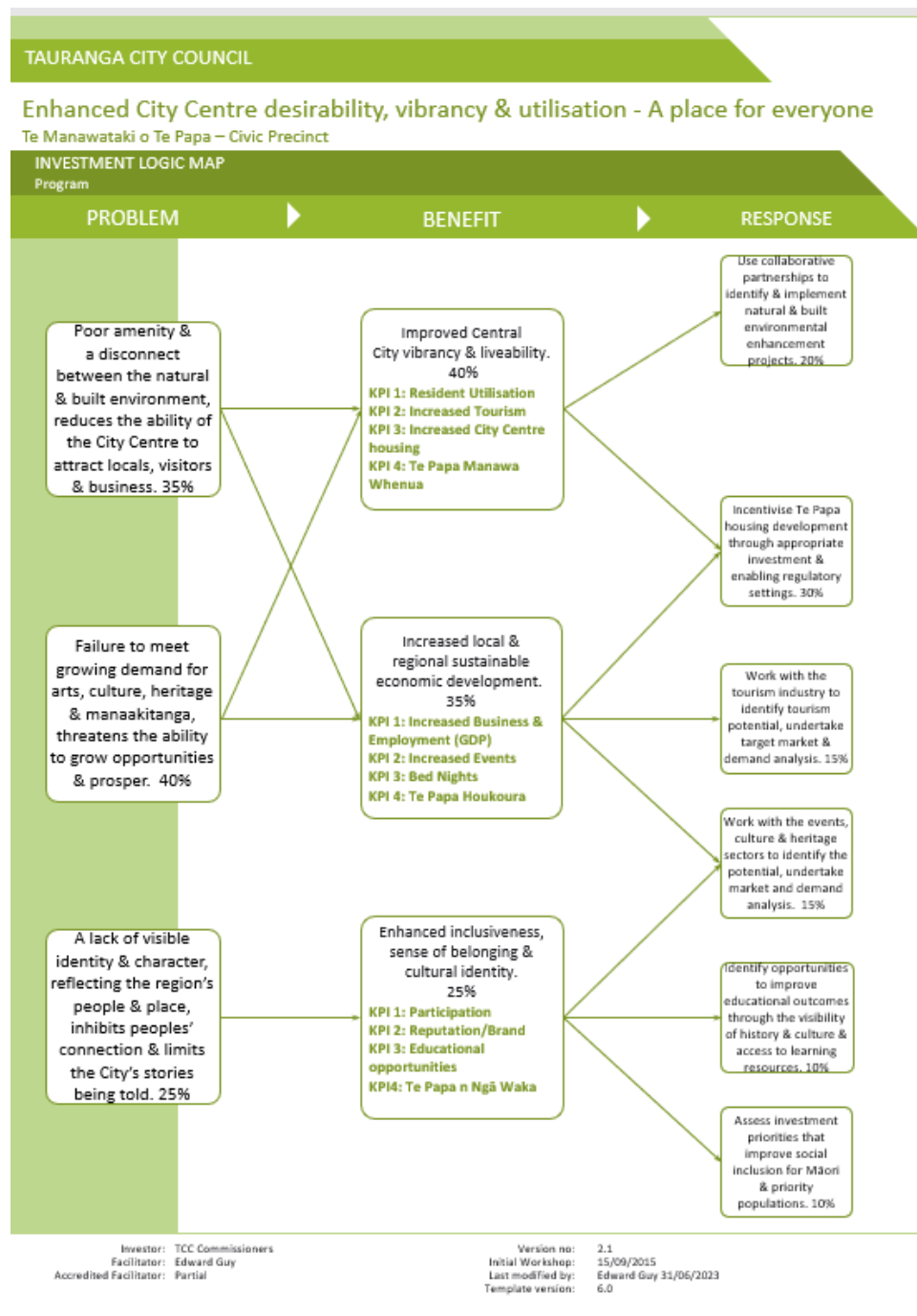
Tauranga is New Zealand's fifth largest city, forming part of the 'golden triangle' along with Auckland and Hamilton, and has experienced rapid and sustained growth over the last 20 years. However, Tauranga's city centre does not reflect the Tauranga story of growth and vibrancy, partly due to ad hoc development, lack of commitment to a vision for the city centre, accelerated growth in outer suburbs and delayed investments. Additionally, the city lacks key civic infrastructure common to other cities of its size, such as a museum, a modern central library, community spaces, and a civic building. Recent investment in the city centre, such as the Farmers development, the University campus and waterfront upgrades, have begun the revitalisation process for the city centre, but more is needed.

Three key problem statements have been identified for this project:

- | | |
|----------------------|--|
| Problem One | Poor amenity and a disconnect between the natural and built environment reduce the ability of the city centre to attract locals, visitors, and business. |
| Problem Two | Failure to meet growing demand for arts, culture, heritage and manaakitanga ²² threatens the ability to grow opportunities and prosper. |
| Problem Three | A lack of visible identity and character reflecting the region's people and place inhibits peoples' connection and limits the city's stories being told. |

²² Manaakitanga refers to the process of showing respect, generosity, and care for people, whānau and communities.

Figure 19: 2023 Investment Logic Map for Te Manawataki o Te Papa



Problem One: Poor amenity and a disconnect between the natural and built environment reduces the ability of the city centre to attract locals, visitors, and business.

- ❖ An empty two-hectare central city site with only a yesteryear performance venue
- ❖ Physical, visual, and cultural disconnection from the exceptional taonga (treasure) of Te Awanui (Tauranga Harbour)
- ❖ Lack of identity, presence and activity that does not reflect (or celebrate) the once vibrant historic kāinga (village) or a city centre commensurate with the fastest growing New Zealand city that Tauranga is today
- ❖ Opportunity to restore connection and engagement with the whenua and moana.

The central city lacks a vibrant heart like that of many other cities, and both Council and the community have recognised the need for significant improvements. Residents have told us they want a vibrant city with a heart that they can be proud of, and in the 2020 Vital Update survey making the city centre more vibrant was the third highest priority for what residents want to change in the city, after addressing traffic congestion issues and providing better public transport²³.

Lack of people and activity in the city centre

The city centre is the economic, cultural, and historical focus of Tauranga but there has been little intentional effort and limited investment to capitalise on this or the unique features and amenity value of its geographical location. This has made it difficult for the city centre to compete with other suburbs and has led to a gradual and consistent decline of people, activity, and businesses over the years.

Concerns about the “dying” downtown area have been expressed by downtown business owners and shoppers for some time.²⁴ City centre building vacancy rates have been increasing, exacerbated also by covid in recent years. This change has meant a greater number of ground floor vacancies which negatively impact the look and feel of the area. Empty shopfronts in what should be the city’s thriving heart decreases its appeal and makes it difficult to attract visitors and businesses.

Visitor numbers to the city centre also drop notably during the weekend compared to the working week. Between October 2021 and April 2023, foot traffic in the area during weekdays has averaged 6,430 per day with the highest numbers around the lunchtime period, but on weekends, the daily average reduces by almost a third to 4,640²⁵. The daily averages are also impacted by the seasons with a considerable decrease during the colder months. These figures indicate that there is a need to attract people into the city centre outside of work and provide opportunities for indoor activities and events.

Accelerated growth and increased opportunities for visitors and businesses in other shopping and retail hubs have drawn people out of the city centre. Downtown Tauranga competes with Mount Maunganui, Pāpāmoa, The Crossing in Tauriko, as well as other areas of the city that provide shopping, entertainment, and recreational opportunities for visitors. Recent results of visitor spending in Tauranga²⁶ highlighted that the Mount receives the highest proportion of visitor spending (21%), with

²³ Vital Updates Report 2020.

²⁴ Quill, A. (17 June 2013) Downtown Tauranga: Go town or Ghost town. Bay of Plenty Times. <https://www.nzherald.co.nz/bay-of-plenty-times/news/downtown-tauranga-go-town-or-ghost-town/KPIOVLZF3Q4O7LMUKCHV5MYNVA/>

²⁵ Foot traffic analysis data sourced from TCC counters located around the city centre.

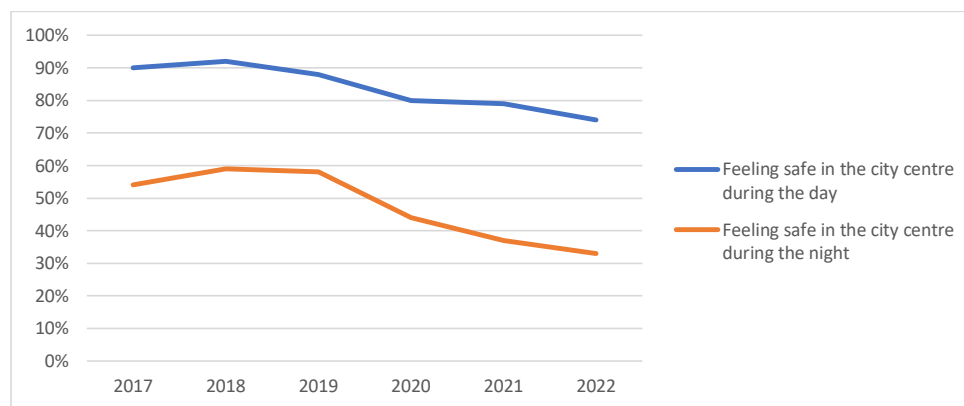
²⁶ For the year ending February 2023.

the city centre only receiving 9 percent. Foot traffic data also indicates that the Mount gets almost twice the foot traffic of the city centre, with an average daily foot traffic of 17,500 compared to only 9,600 in the city centre²⁷. With other significant planned developments taking place over the coming years, such as those in Te Tumu/Pāpāmoa East, there will be even more competition for visitors.

Decreasing sense of safety in the city centre

The decreasing amount of people and activity in the city centre has also seen a simultaneous reduction in feelings of safety. Over the past five years there has been a gradual decline in the percentage of the population who feel safe in the city centre, with 90 percent feeling safe during the day in 2017 dropping to just under three quarters of the population in 2022. Similarly, the numbers have fallen from just over half of residents feeling safe in the city centre at night to just over a third over the same period (Figure 20).

Figure 20: Percentage of residents satisfied with feeling safe in the city centre sourced from the Annual Residents Surveys from 2017 to 2022.



The passive surveillance provided by the presence of other people is important in making a place feel safe to use, while also making a place more attractive. The less activity in a place, the less people are drawn to them, and the less safe a place feels. Based on the 2020 Vital Update survey, the city centre and local parks were the places that residents felt most unsafe in both during the day and night compared to anywhere else in the city²⁸. This concern for safety reduces the appeal of the place both for local and out of town visitors, which in turn negatively impacts its vibrancy and makes businesses less willing to establish themselves there.

A city centre disconnected from its natural environment

The decline in people and activity has also been exacerbated by underinvestment in making the downtown area more visually attractive. Residents value the natural environment and consider parks, green reserves, and trees as well as waterways, beaches and harbour the most important things to be protected and preserved in the city²⁹, but opportunities to connect with nature in our public spaces are currently limited.

²⁷ Foot traffic analysis data from TCC counters between 16 Dec 2022 and 12 May 2023.

²⁸ Vital Updates Report 2020.

²⁹ Vital Updates Report 2020.

Located on the Te Papa Peninsula, the city centre benefits from the harbour running along the east, the Waikareao Estuary along the west, and plenty of parks and green reserves distributed throughout, all of which provide amenity value for the area. However, much of the natural environment is visually and physically disconnected from the built public spaces that people frequent. Significant parks and green open spaces are located around the periphery, separated from the people and activities in the centre of the city (refer Figure 21). Wharepai Domain, Aspen Reserve and Herries Park, for example, are located in proximity to the downtown area but are all bordered by roads that physically separate them from the buildings, retail and commercial areas that people use.

Masonic Park has a direct view to the playground and harbour out to the east, but the visual appeal and attractiveness of the park is currently compromised (Figure 22). A large continuous concrete wall runs the length of the park on the south, dwarfing visitors with its size and the lack of any human scale, while the adjacent carpark also reduces the visual attractiveness of the park. Other than two bench seats, there are also few amenities that provide opportunities for people to play, relax, enjoy nature, and connect with others in the public space.

Figure 21: Photo of the city centre illustrating the disconnect between the built and natural environment



Figure 22: Photo of Masonic Park looking towards the harbour



The large open green space outside Baycourt Community and Art Centre could also be better connected with the natural environment. Unlike many of the open public spaces in the city centre, this green space is elevated from the waterfront enabling a view of the harbour to the east with some seating provided close to the western boundary (Figure 23). However, the harbour views are partially interrupted by buildings on Willow Street, and people using this space look out onto the roofs of these buildings and over the carpark that is located adjacent to it. Two driveways also cut through the park from Hamilton Street right to the entry of Baycourt. Despite the favourable position of this site, the built environment around it has disconnected the public green space from the harbour and the amenity value it provides.

Figure 23: Photo of Baycourt Community and Art Centre with views to the harbour



Attempts to reinvigorate the city centre

Providing opportunities for people to connect with nature in our public spaces is important. Not only does nature help to soften the otherwise hardness of urban public spaces, connecting with nature is important for wellbeing. Only relatively recently have there been efforts to reconnect people to the surrounding natural environment.

The Tidal Steps project on the Tauranga Harbour has revitalised the waterfront for community use. Completed in 2017, the project was born out of the Access to Water project which aimed to connect the people of Tauranga with the water. The large steps cascade down to the water and there is also a pier with bombing platform which together provide different opportunities for people to use and occupy the space and to access the water. A karakia is etched on the side of the steps and tells the story of how the mountain arrived at its present home at the water's edge and how the features of the land and harbour were formed on its journey. This reconnection to the water's edge has been successful in attracting a wide range of people into the city, including families and young people, and more than 4,000 people attended the opening of the Tidal Steps on 6th May 2017³⁰.

Other significant projects around the city centre have also been undertaken to help reinvigorate the city centre, including upgrades to various streets. The recent placemaking upgrades to Durham, Wharf and Elizabeth Streets have focused on people-centred and pedestrian-friendly design to inject life and vitality back into the heart of the city. The upgrades have included widening streets, bringing in new lighting, street furniture, planting, and greenery, and creating shared spaces that slow down traffic and encourage walking and cycling, which all help invite and encourage people to sit, relax and stay. The demolition of the former Tauranga City Council building on the corner of Willis and Wharf Streets is

³⁰ Gillespie, K. (8 May 2017) Bay of Plenty Times: <https://www.nzherald.co.nz/bay-of-plenty-times/news/tidal-steps-opening-proves-tauranga-drawcard/K7XIMK64RM3COB3M26BIP2QBS4/>

also significant for the reinvigoration of the city centre. With the building removed, it clears the site to make way for a new civic precinct, creating an anchor for the new revitalised heart of the city.

Problem Two: Failure to meet growing demand for arts, culture, heritage and manaakitanga threatens the ability to grow opportunities and prosper.

- ❖ Tauranga arts and culture facilities are currently limited to the Art Gallery, Baycourt, Historic Village and The Elms and do not adequately support or value the arts sector at a local, regional, and international level.
- ❖ There is currently no dedicated facility for displaying the city's considerable collection of taonga and artefacts.
- ❖ Opportunity to strengthen and recognise the contribution of arts, culture, and heritage in creating strong and resilient communities and in providing significant attractions for locals and out-of-town visitors and international tourists.

The benefits of the arts, culture and heritage sector are multi-layered, contributing to the wellbeing of individuals, communities, and the city. The arts are important ways of expressing cultural identity and heritage and celebrating the arts is a way of demonstrating manaakitanga³¹, respecting the diversity of peoples in the city, and honouring the past. Promoting and supporting the arts, culture and heritage is also important in helping to generate greater understanding and acceptance of different cultures. Together, these benefits contribute to a vibrant and inclusive city, making it an attractive and appealing place for visitors and businesses.

Importance of the Arts, Culture and Heritage in the Community

The population of Tauranga is rapidly growing and diversifying, and many see the arts as a way of broadening their understanding of other cultures. In 2020, two thirds of residents (66%) said that they learn about different cultures through the arts. An even larger proportion (72%) think the arts should be part of the education for every New Zealander, significantly higher than the national average (67%), and a notable increase of ten percent from 2017 (62%)³².

The value and importance of the arts for Tauranga residents is also reflected in the levels of engagement. While the national average for attendance and participation in the arts dropped between 2017 and 2020 (from 80% to 75%), the levels remained steady in Tauranga with three quarters (76%) of the population indicating they had engaged in the arts in the last 12 months.

Annual visitation rates to some of the city's key arts, culture and heritage facilities also demonstrate the continued significance of the sector in the community. Aside from the impacts of covid, consistently more than a third of residents visit the Tauranga Art Gallery and the Baycourt Community and Arts Centre each year, while The Historic Village has seen increased use over the last five years (refer Table 10).

³¹ Manaakitanga means the process of showing respect, generosity, and care for the people, whānau and communities.

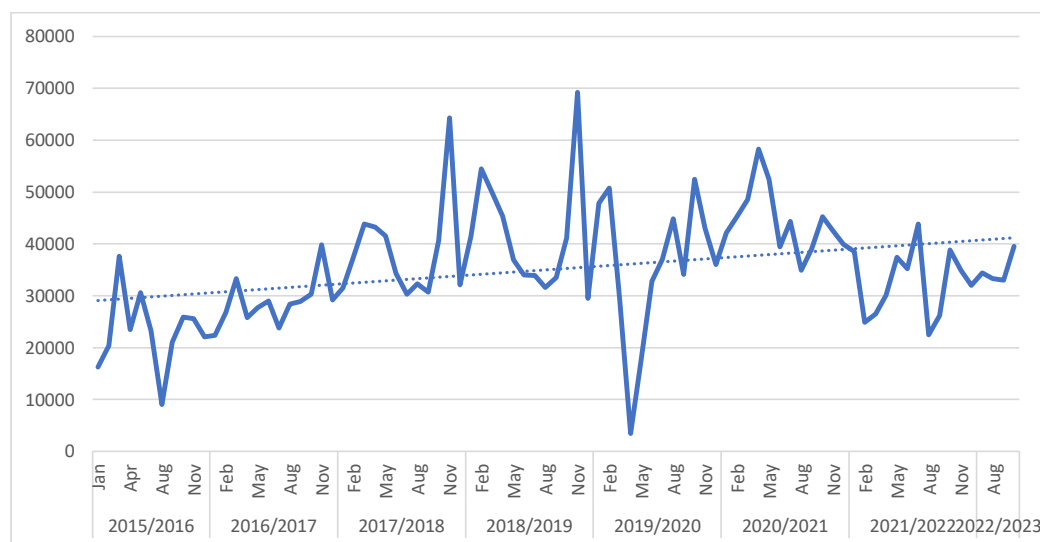
³² Colmar Brunton (2021) Creative NZ Survey Findings for Tauranga Residents.

Table 10: Resident visitation numbers to community and cultural facilities sourced from the Annual Residents Surveys from 2017 to 2022.

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|----------------------|------|------|------|------|------|------|
| Tauranga Art Gallery | 33% | 28% | 33% | 36% | 39% | 40% |
| Baycourt Theatre | 38% | 27% | 33% | 38% | 33% | 40% |
| Historic Village | 59% | 49% | 51% | 49% | 41% | 45% |

The Historic Village is a creative hub for the city with many arts and culture community groups running interactive courses there. The buildings and many offerings of events, activities and programmes also tell the stories of the city's history, people, and culture and, as evident in the upward trend of pedestrian numbers to The Historic Village (Figure 24), there has been consistent growth in interest in the arts, culture, and heritage in the city.

Figure 24: Pedestrian counts at the Historic Village main entry by month between 2015 and 2023.



Results from the Vital Update survey also tell a similar story as protecting and preserving Māori culture, history and heritage was one of the key ways residents thought would help the city to thrive in the next ten years, with this being the third highest suggestion that was made³³.

The Importance of Arts, Culture and Heritage for the City

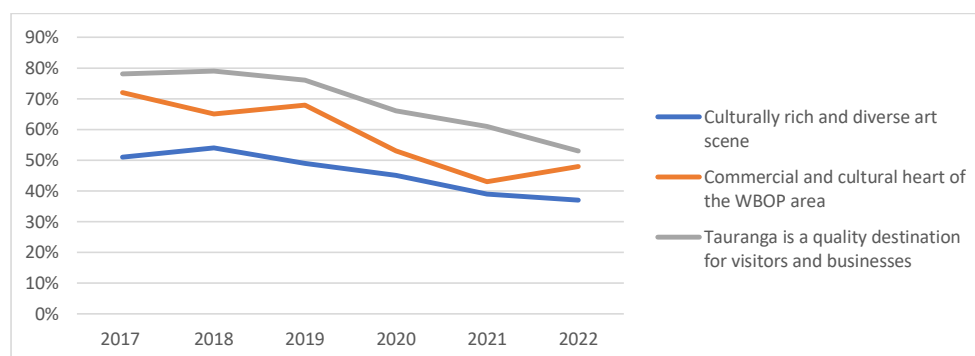
As interest and awareness of the importance of the arts, culture and heritage has grown, residents have also become increasingly dissatisfied with the status quo. The Annual Residents Surveys indicate that community confidence has been waning over the last five years in relation to the vibrancy and appeal of the city. Though some fluctuations exist between each year, there are nonetheless distinct

³³ Vital Update Report 2020.

downward trends (refer Figure 25) with only 37 percent of residents agreeing that Tauranga has a culturally rich and diverse art scene in 2022, compared to more than fifty percent of the population who agreed in 2017. Similarly, while 72 percent viewed the city as the commercial and cultural heart of the Western Bay of Plenty region in 2017, this had reduced to less than half of the population in 2022 (48%). And while almost eighty percent of residents considered Tauranga a quality destination for visitors and businesses in 2017, only just over fifty percent felt the same way five years on in 2022.

Tauranga residents value the importance of arts, culture and heritage and have expressed their desire to live in a city that supports these. According to the 2020 Creative NZ survey, 65 percent of the community in Tauranga consider the arts to play an important role in the vibrancy of a place, and 60 percent agree that the arts contribute positively to the economy (from 54% in 2017).

Figure 25: Percentage of residents who agreed with each of the statements about the city from the Annual Residents Surveys (2017 to 2022).



Meeting the Growing Demand for Arts, Culture and Heritage

Council has responded to the growing demand for the city to show greater respect, generosity, and care for the diversity of people and communities that make up the city. This includes promoting and creating space for the multitude of ways in which people's stories are told and captured that contribute to the rich history and heritage of the area.

The new Kaupapa Māori Legacy Event Fund was established in the 2019/20 financial year in partnership with TECT and BayTrust to support events that celebrate Tauranga Moana tangata whenua, promote and share tikanga Māori, and raise awareness of events of historical and cultural significance for the area. Over the three years to June 2022 since its introduction, the fund has supported fifteen events for the community.

Through the Long-term Plan in 2021 (LTP), the Council provided funding to support new developments that will enable the community to engage with the stories of Tauranga Moana and connect with taonga (treasures) that tell the rich cultural history of the city. This included funding to contribute to the establishment of a cultural centre at Gate Pa / Pukehinahina reserve by Ngai Tamarawaho, in partnership with the Pukehinahina Charitable Trust, which will focus on the New Zealand Land Wars.

An additional \$100,000 was also provided through the LTP to help improve the community's access to the Tauranga Heritage Collection. Without a dedicated museum facility, the over 30,000 objects and taonga important to Tauranga Moana and artefacts of national significance have been sitting away in

54

storage for the past 25 years. Over the years, the Council has developed several ways for the community to access this important collection. Just over 14,000 of the objects and artefacts from the main Heritage Collection are available for online viewing; some of the tactile collection is available to primary and secondary schools for education purposes through Council's object lending library, 'Hands on Tauranga'; and the general public can also view the collection through a limited number of tours of the storage warehouse. The additional funding will be used to support a range of pop-up and temporary exhibitions out in the community.

Constrained opportunities and prosperity

Despite the efforts by Council outlined in the section above, without a museum the ability to grow opportunities and to prosper as a city are limited. Museums and other dedicated facilities for displaying a city's taonga and artefacts are significant attractions for out-of-town visitors and international tourists. The Elms is one of the country's oldest heritage sites and one of the few heritage attractions in Tauranga, with an annual target of around 3,400 visitors. It is considered limited in its ability to attract visitors as it does not contain the vast histories, stories, and collections that a museum facility does which appeal to a much broader population.

Museum Aotearoa's snapshot survey in 2019 (pre-covid) found that 42 percent of museum visitors were from overseas and 21 percent from a different region in Aotearoa New Zealand. We know that interest in the region's history and heritage is growing as tours through the collection have increased by 30 to 40 annually to meet demand. But without a museum, Tauranga misses out on an annual revenue of at least \$1 million for the collection size³⁴, as well as on the broader economic benefits that flow from increased spending in the city by tourists.

The prosperity of a city and its people are also increased through enriched understandings of the local history, heritage and culture, which a museum can contribute to. But without a museum and heritage strategy it has meant that heritage activities and programming are not immediately available and a perception that heritage is not protected, promoted or valued. The current ways of accessing the collection are only available to those who know about it or are particularly interested and intentionally seek out the collection. This limits public knowledge of the stories, history and heritage of the city.

Problem Three: A lack of visible identity and character reflecting the region's people and place inhibits people's connection and limits the city's stories being told.

- ❖ Tauranga has a rich and complex history that is not easily accessible and therefore is largely unknown, contributing to a lack of social cohesion and disconnect between different sectors of the community
- ❖ Opportunity to provide education on local history with wide-ranging benefits to locals and visitors alike
- ❖ Opportunity to build community cohesion and civic pride, recognise and honour our history and to connect mana whenua and the people of Tauranga with the land and their stories
- ❖ Opportunity to improve understanding of pre-European Aotearoa that will assist in building a better understanding and enabling social inclusion.

³⁴ Parsons, H., Schulze, H., and Dixon, H. (2022) Museums Aotearoa: The value of museums and galleries in Aotearoa. BERL.

As part of the pre-work for the development of Te Manawataki o Te Papa, Council worked closely with Iwi and Hapū to resolve historical grievances relating to the ownership of the land. This work resulted in the creation of a new ownership structure. Site A is now owned by a Council Controlled Organisation (CCO) Charitable Trust and governed jointly by Tauranga City Council and mana whenua. This key move forms part of Council's overall intention for the site, which is to use it to build community cohesion and civic pride, recognise and honour our history and to connect mana whenua and the people of Tauranga with the land and their stories.

Tauranga is home to an increasingly diverse population, and as the population continues to grow, so will the diversity. However, not all who currently live here experience similar levels of belonging and inclusion. Results from the Quality of Life Survey 2022 highlight a number of social issues that impact residents' experience of living in the city, including homelessness, loneliness, discrimination and racism, as well as perceptions of high crime and low personal safety. Fifty-nine percent of residents consider racism or discrimination to have been a problem in the last 12 months, and 53 percent thought that prejudice and intolerance (covid-19 vaccination status) were problems. These issues impact the level of trust and social cohesion in a population, which have also been trending downwards in New Zealand over the last few years³⁵. And just as belonging and inclusion are uneven across different ethnic groups, so too is trust, with Māori and Pacific peoples reporting substantially lower levels of trust in other people³⁶. These issues indicate that the city could be doing a lot more to encourage greater acceptance, tolerance and inclusion.

To achieve the inclusive and diverse city that our communities have told us they want, there needs to be opportunities for all people to openly participate in city life, where people can be brought together to build strong relationships. It requires our spaces and places to be accessible, safe and inviting, and to accommodate a wide range of needs and interests, so that they reflect the full diversity of our communities. This can be achieved through the way we shape our built environments and the physical infrastructure and amenities we provide, as well as how we activate these spaces and the types of people, activities, and events we support in them. But only recently have our public spaces begun to intentionally tell the stories of our people and reflect the diversity.

Fragments of identity and placemaking in the city

The recently completed street revitalisation projects in various parts of the city have started to bring a sense of identity through the way these public spaces are designed. The Durham and Willow Street upgrades both include wayfinding cultural artwork. On Durham Lane the artwork is based on indigenous Māori pātiki patterns (a symbol of hospitality based on the diamond shape of a flounder) and tukutuku (woven latticework) patterns and helps to slow traffic and create a shared space while also connecting the new Waikato University campus to adjacent streets. Cultural wayfinding artwork is also planned for the new Elizabeth Street upgrade.

The recent upgrade of Wharf Street includes ways of sharing the history of the site. A new digital kiosk placed in the middle tells stories of the once thriving trading and activity hub of Te Papa. This includes stories of major events ranging from the arrival of waka between 1200 and 1300AD and the first recorded European ship arrival in 1826, to conflicts at Gate Pā in 1864, through to more recent events in 2012 when the Crown acknowledged its breach of Te Tiriti o Waitangi. Etchings on the concrete

³⁵ Fookes, C. (November 2022) Social Cohesion in New Zealand. Background Paper to Te Tai Waiora: Wellbeing in Aotearoa New Zealand 2022. The Treasury.

³⁶ Ibid.

panels next to the kiosk also bring awareness to the confiscation of land in 1864 at a pacification hui that occurred in proximity to the location of the kiosk.

Another example is Ngā Poutiriao ō Mauao (the Mauao Joint Administration Board) sharing the history and stories of Mauao through new wayfinding signage and cultural touchpoints across the maunga (mountain). This included the removal of the trig at the summit of Mauao to make way for a cultural compass. The removal of the trig signified the last sign of alienation on the land and the first case in history for a trig to be removed in the Bay of Plenty. This project helps to preserve and enhance the cultural, spiritual, historic and natural significance that Mauao holds as a taonga (treasure) in Tauranga Moana.

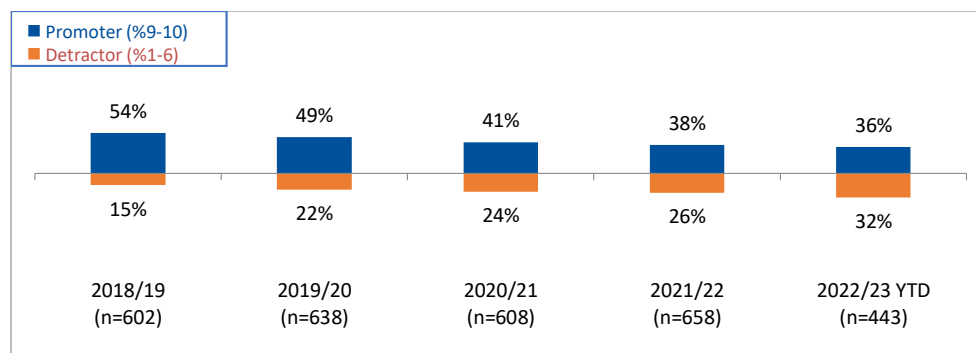
The revitalisation and upgrade of Kulim Park in Ōtūmoetai also demonstrates the importance of local character and identity. As a recreation area for children since the 1950s, the upgrade in 2022 strengthened the character of the area, modernising the playground while also expanding the range of recreational activities to cater for all types of people, including a new basketball court, accessible play equipment, active aging gym, shared pathways for walking and cycling, and facilities that support picnics and barbeques. Importantly, the upgrade also incorporated visual elements that share the cultural history and stories of the area, including Māori cultural design on the new playground surfaces and various planned signage. By including a wide variety of people and users in the upgrade, it helps people to feel connected to the place, creating a sense of meaning and identity.

Lack of unique identity and character for the city

Much of Tauranga's image and identity has relied on the abundant natural features unique to its location in the Bay of Plenty. In particular, Mauao (Mount Maunganui) and surrounding white sand beaches have become the main icons for the city. Branding and marketing capitalise on the appeal of these natural features and the recreational and lifestyle opportunities they offer, emphasising the 'outdoorsy' and 'laidback' aspects of the city, and these have become the dominant image of Tauranga.

The relative lack of investment in developing a unique identity for the city centre has impacted how residents feel about the city with diminishing confidence in what it has to offer visitors. Based on the Annual Resident Surveys the number of people in the community indicating they are likely to recommend Tauranga as a holiday destination to their friends and family has been gradually declining over the last five years, from more than half the population (54%) in 2018/19, to almost only a third (36%) in 2022/23 (Figure 26). At the same time, the number of residents who indicated they are unlikely to recommend the city has increased, suggesting that residents are not just ambivalent but dissatisfied with the city.

Figure 26: Residents who indicated whether they were 'highly likely' (10) or 'highly unlikely' (1) to recommend Tauranga as a holiday destination to friends and family³⁷.



The lack of investment has meant that, despite being the fifth largest city, there are no significant civic or cultural buildings within the city centre that help people connect with Tauranga like that found in other cities. New Plymouth, for example, has the Puke Ariki Museum and library located across from the Wind Wand sculpture and Coastal Walkway which are significant civic and cultural buildings and public spaces that connect people physically to the area, but also through the sharing of local history, heritage, and culture. Despite Tauranga being larger than New Plymouth, it lags behind and does not provide what people are expecting from modern day cities. Even smaller towns such as Katikati and Whakatāne in the Bay of Plenty have their own museums.

2.5.3 Investment objectives

Tauranga's city centre is established as the commercial, civic and cultural heart of the city centre and the western Bay of Plenty subregion – a unique civic destination for the stories and decision making of Tauranga and its people.

Investment objectives:

1. To improve central city vibrancy and liveability by attracting 2,000,000 visits per annum to Te Manawataki o Te Papa by 2035.
2. To increase the present value of local and regional economic output by \$500 million and wider economic benefits by \$500 million over the life of the buildings.
3. To enhance inclusiveness, sense of belonging and cultural identity by attracting greater than 300,000 annual museum visits, greater than 800,000 annual Library and Community Hub visits, with 60% of residents being prepared to recommend Tauranga as a visitor destination by 2035.

³⁷ Annual Residents Survey

Investment objectives specify the desired outcomes for a proposed investment. Commissioners, Executive and the project team agreed on the following three investment objectives for Te Manawataki o Te Papa.

Investment Objective One: To improve central city vibrancy and liveability by attracting 2,000,000 annual visits to Te Manawataki o Te Papa by 2035.

Vibrancy and liveability are two features of successful cities. Vibrant communities bring people together and are filled with opportunities for civic engagement and social interaction, and in doing so, “naturally cultivate a ‘sense of place’ that attracts people and opportunity”³⁸. “Liveability” as a concept has become increasingly popular in international planning and policy circles. Liveability is essentially about the sum of the factors that make a community a desirable place to live. Research by the University of Melbourne and the Department of Health looked to identify and evaluate liveability indicators and adopted the following definition for liveability. “Liveability reflects the wellbeing of a community and comprises the many characteristics that make a location a place where people want to live now and, in the future.”³⁹.

As discussed in the problem statements above, both vibrancy and liveability are currently perceived to be lacking in Tauranga’s city centre. Aligning with both local and national strategic direction as set out in section 2.4 above, investment in building an attractive, safe and interesting urban built environment will activate the city centre, creating a vibrant place to live and visit.

Demand Forecast modelling by Rationale (2023) provides insight into visitation levels for the proposed investment in Te Manawataki o Te Papa. Rationale forecasts (Table 6) that by 2035 there will be 1,981,487 annual visits to Te Manawataki o Te Papa, amounting to an average of about 5,500 people a day. In 30 years’ time (2053), it is forecast that visits will reach nearly 2.3 million annually (or 6,300 people a day). For comparison purposes, foot traffic currently reported on the corner of The Strand and Wharf Street (the closest monitoring site to Te Manawataki o Te Papa) averages 1,613 people a day.

It should be noted that Rationale modelled visitation at a building level (as set out in Table 11). This means that when adding visits to different spaces the resulting total will not identify unique visits. For example, someone who visits the museum and then the art gallery is counted as two visits.

Table 11: Forecast summary for visitation to Te Manawataki o Te Papa (Site A) over 30 years

| | 2025 | 2030 | 2035 | 2040 | 2045 | 2050 | 2053 |
|--------------|------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total visits | | 1,869,103 | 1,981,487 | 2,078,404 | 2,166,248 | 2,248,068 | 2,293,551 |

³⁸ Studer, Q (2020) Why communities matter more than ever. Strong Towns Journal (February).

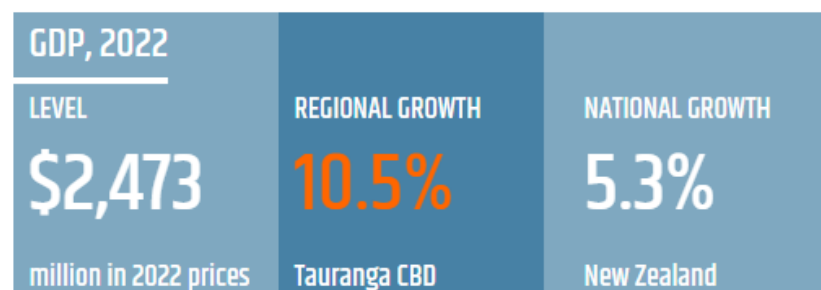
³⁹ Lowe, M., Whitzman, C., Badland, H., Davern, M, Hes, D. Aye, L., Butterworth, I. and Giles-Corti, B. (2013). Liveable, Healthy, Sustainable: What Are the Key Indicators for Melbourne Neighbourhoods? Victoria Department of Health and The University of Melbourne, Melbourne, Australia

Investment Objective Two: To increase the present value of local and regional economic output by \$500 million and wider economic benefits by \$500 million over the life of the buildings.

Te Manawataki o Te Papa demonstrates Council's commitment to city centre regeneration. Leveraging off our natural and cultural assets, the city centre will become the driver of a sustainable and thriving economic future and a catalyst for further private investment. The outcome will be a regenerated city centre that will provide opportunities for new commercial and economic activities and tourism offerings all adding to the city's resilience.

Gross Domestic Product (GDP) is a common measure of economic output within a specified area. GDP for Tauranga city centre is reported as \$2,473 million for 2022 by Infometrics⁴⁰ with the economy growing at a fast pace of 10.5 percent in the March 2022 year, compared with 5.3 percent for the New Zealand economy⁴¹.

ECONOMY AT A GLANCE



'Arts and Recreation Services' is the main category that Te Manawataki o Te Papa would be attributed to in terms of Infometric's categories for monitoring. This currently represents only 0.4 percent of the GDP in Tauranga CBD⁴². Interestingly, this is relatively low compared with surrounding cities, regions and even with the country as a whole. 'Arts and Recreation Services' account for:

- 1.2 percent of Auckland City's GDP
- 1.0 percent of Hamilton City's GDP
- 0.6 percent of the Western Bay of Plenty's GDP
- 1.0 percent of the Bay of Plenty region's GDP
- 1.2 percent of New Zealand's GDP.

GHD's *Wider economic benefits of Tauranga Civic Precinct Update (May 2023)* report highlights the potential contribution the redevelopment could make to the city. A key finding includes that the proposed investment could generate between \$788.4 million and \$1,370.5 million in estimated quantified benefits in net present terms over the next 60 years assuming a 4 percent discount rate. This consists of between 419.0 million and \$822.8 million being attributed to visitor and tourism contribution to GDP. The remaining monetised benefits identified by GHD total between 369.4 million and 547.7 million (using the 4% discount rate).

⁴⁰ <https://ecoprofile.infometrics.co.nz/Tauranga%20CBD/Gdp>

⁴¹ It should be noted that the geographic boundaries for Tauranga CBD used by Infometrics may differ slightly than those used by Rationale and GHD's modelling work.

⁴² <https://ecoprofile.infometrics.co.nz/Tauranga%20CBD/PDFProfile>

This investment objective provides a useful measure for tracking both economic output (GDP) and wider economic benefits over the next 60 years.

Investment Objective Three: Enhancing inclusiveness, sense of belonging and cultural identity by attracting more than 300,000 annual museum visits, more than 800,000 annual Library and Community Hub visits, and 60 percent of residents are prepared to recommend Tauranga as a visitor destination by 2035.

As discussed above, our communities have told us that our city centre lacks identity, is disconnected to the surrounding environment, and does not encourage or enable opportunities for people to connect. Tauranga residents have also said that inclusivity and community are important to them, and that expression of cultural identity is an important factor in this. Without these, fewer and fewer residents are proud of their city as indicated in Problem Statement Three, which discussed the decreasing number who would recommend the city as a holiday destination (from more than half the population (54%) in 2018/19, to almost only a third (36%) in 2022/23)⁴³.

Table 12 outlines Rationale's forecasted visitation for individual buildings within Te Manawataki o Te Papa, including 313,375 annual museum visits and 878,615 Library and Community Hub annual visits by 2035. Visitation has been benchmarked against other cities and further detail is provided in section 3.3.3. Visitation numbers form the basis for measuring the success of the third investment objective, along with a significant improvement (over doubling) to those that report that they are likely to recommend Tauranga as a visitor destination.

Table 12: Forecasted visitation for Te Manawataki o Te Papa⁴⁴

| Area | 2025 | 2030 | 2035 | 2040 | 2045 | 2050 | 2053 |
|--------------------------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Library and Community Hub | 568,136 | 829,291 | 878,615 | 919,271 | 954,451 | 985,760 | 1,002,303 |
| Museum | | 295,117 | 313,375 | 330,676 | 347,708 | 364,846 | 375,185 |
| Art Gallery | 80,738 | 118,047 | 125,350 | 132,270 | 139,083 | 145,939 | 150,074 |
| Baycourt | 78,066 | 87,117 | 92,599 | 97,191 | 101,245 | 104,867 | 106,746 |
| Exhibition Centre | | 101,406 | 107,340 | 112,912 | 118,359 | 123,801 | 127,058 |
| Civic Whare | 5,550 | 5,814 | 6,058 | 6,239 | 6,378 | 6,490 | 6,547 |
| Total Building Visits | 732,491 | 1,436,792 | 1,523,338 | 1,598,560 | 1,667,223 | 1,731,702 | 1,767,913 |
| Public Realm | | 235,383 | 249,005 | 260,434 | 270,530 | 279,692 | 284,654 |
| Wharf | | 196,928 | 209,145 | 219,410 | 228,495 | 236,673 | 240,984 |
| Total Open Space Visits | | 432,311 | 458,150 | 479,845 | 499,025 | 516,366 | 525,638 |
| Total | | 1,869,103 | 1,981,487 | 2,078,404 | 2,166,248 | 2,248,068 | 2,293,551 |

⁴³ Annual Resident Surveys 2018/19 and 2022/23

⁴⁴ Rationale Limited

2.5.5 Our strategic response to achieve the investment objectives


The programme has identified the following focus areas to address the problems defined and discussed above:



- Use collaborative partnerships to identify and implement natural and built environmental enhancement
- Incentivise Te Papa housing development through appropriate investment and enabling regulatory settings
- Work with the tourism industry to identify tourism potential, and undertake target market and demand analysis
- Work with the events, culture, and heritage sectors to identify potential, and undertake market and demand analysis
- Identify opportunities to improve educational outcomes through the visibility of history, culture, and access to learning resources
- Assess investment priorities that improve social inclusion for Māori and priority populations.

2.5.6 The benefits of investment

Benefits that flow from the investment objectives are anticipated to fast-track community social, economic, and cultural outcomes. The focus is on creating connected and inclusive communities and a vibrant and thriving city centre. Key benefits, key performance indicators (KPIs) and measures, along with how Te Manawataki o Te Papa will deliver benefits, are summarised in Table 13. Measures accompanied by an asterisk (*) are those aligning with measures identified as part of the upcoming 2024-34 LTP.

Table 13: Summary of key benefits, KPIs and measures

| Benefits | KPIs | Measures | Te Manawataki o Te Papa will deliver the following benefits: |
|--|--|--|--|
| Improved central city vibrancy and liveability  | <i>Utilisation</i> | <ul style="list-style-type: none"> • The average daily number of pedestrian movements in the city centre* | <ul style="list-style-type: none"> • Provide quality community and cultural facilities that will encourage more people to the city centre to live, work, learn and play • Support the intensification of Te Papa peninsula and UFTI's 'connected communities' through the provision of quality community facilities in the heart of the city • Activate the city centre through provision of community facilities, events and high amenity spaces that will encourage people into the city centre, creating a sense of vibrancy • Reinvigorate the city to return to the thriving Kāinga (village) of the past |
| | <i>Increased tourism</i> | <ul style="list-style-type: none"> • Number of domestic and international visitors • Number and percent of cruise ship passengers that travel to Te Manawataki o Te Papa | |
| | <i>Increased inner city housing</i> | <ul style="list-style-type: none"> • Number of residential dwellings in Te Papa | |
| | <i>Te Papa Manawa Whenua (A place of prosperity)</i> | <ul style="list-style-type: none"> • To be developed with mana whenua | |

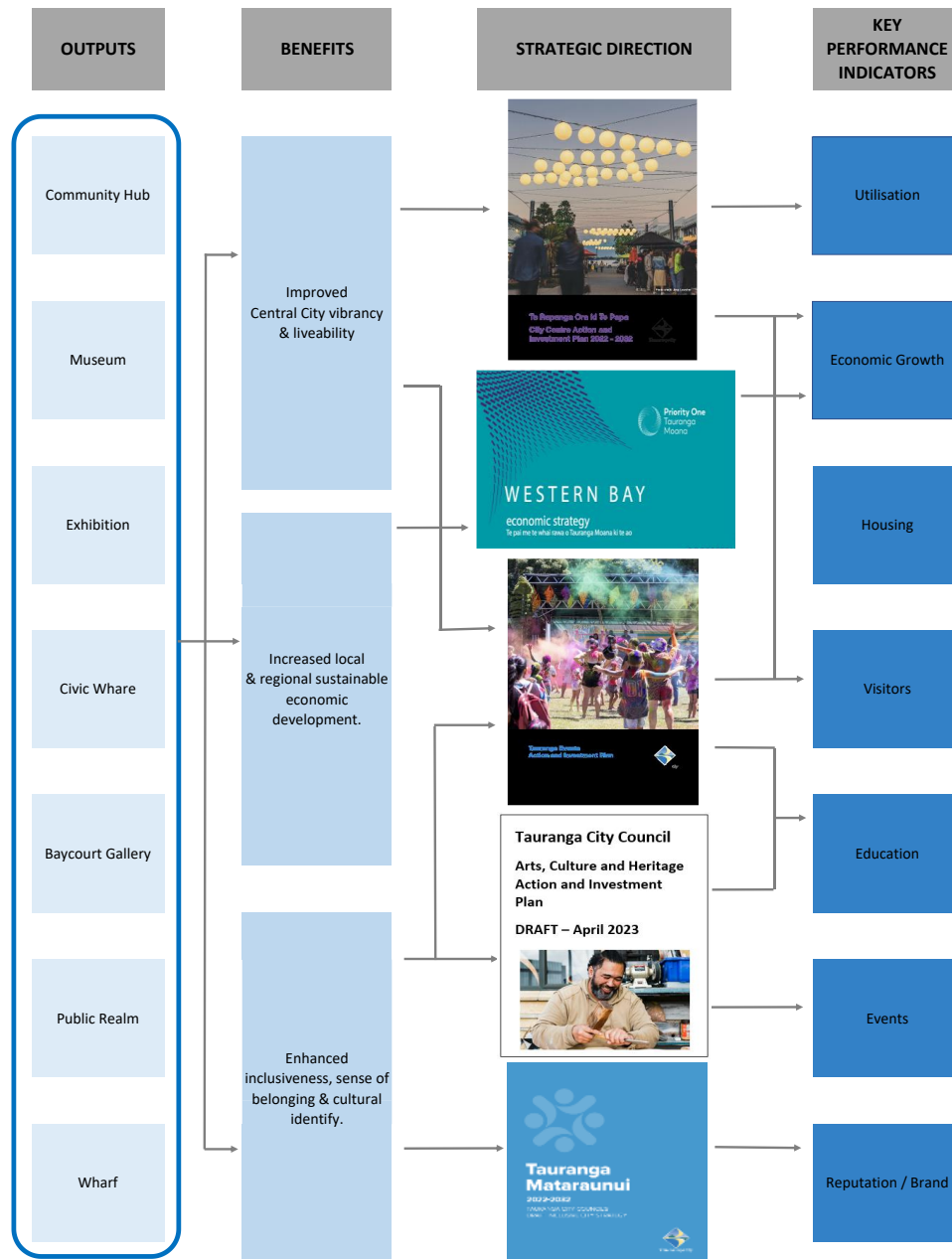
| | | | |
|---|--|--|---|
| | | | <ul style="list-style-type: none"> Reconnect the city centre with Te Awanui (Tauranga Harbour) through viewshafts, high amenity spaces and a new wharf. |
| Increased local and regional sustainable economic development | <i>Increased business and employment (GDP)</i> | <ul style="list-style-type: none"> GDP per employee in the city* Unemployment rate* Visitor spend – international and domestic* Number of new businesses in city centre | <ul style="list-style-type: none"> Promote inner-city housing through activating the heart of the city. Build investment confidence in the city centre enabling the realisation of site B, the stadium and other city centre developments. |
|  | <i>Increased events</i> | <ul style="list-style-type: none"> Number and participation at events Resident satisfaction with the range and frequency of event experiences* Resident satisfaction with the accessibility and quality of Tauranga's arts, cultural, and events spaces* Economic impact of events | <ul style="list-style-type: none"> Activate the city centre to assist struggling businesses and create opportunities for new business initiatives Provide tourism offering in the heart of the city that will help boost the economy Provide an alternative destination for international cruise ship passengers disembarking at the Mount |
| | <i>Increased bed nights</i> | <ul style="list-style-type: none"> Accommodation register | |
| | <i>Te Papa Houkura (A wellspring of wellbeing)</i> | <ul style="list-style-type: none"> To be developed with mana whenua | <ul style="list-style-type: none"> Generate short-term (construction) and long-term employment opportunities supporting Tauranga's economy Generate economic development that will extend to neighbouring subregions and regions Partner with mana whenua on programmes and events enhancing the Māori economy. |
| Enhanced inclusiveness, sense of belonging and cultural identity | <i>Participation</i> | <ul style="list-style-type: none"> Number of people utilising facilities and public realm Diversity in programmes and events on offer Demographics of those participating | <ul style="list-style-type: none"> Create a sense of belonging by celebrating the history and culture of the city centre and the joint land ownership of Site A and partnership with mana whenua through design and planning |
|  | <i>Reputation /Brand</i> | <ul style="list-style-type: none"> Investor confidence improves, evidenced by progression of private investment in city centre Percentage of residents neutral or likely to recommend Tauranga as a visitor destination* Percentage of residents satisfied or neutral that | <ul style="list-style-type: none"> Respect the long and complex history of the site – allowing our city to walk into the future with confidence. Provide a museum and exhibition centre that acts as a vehicle for creating a sense of identity through celebration of our |

| | | | |
|--|--|--|--|
| | | <p>Tauranga has a strong sense of arts, culture, and heritage*</p> <ul style="list-style-type: none"> Resident satisfaction with facilities and programmes | <p>history and culture, empowering all to tell their stories</p> <ul style="list-style-type: none"> Encourage our community to connect with each other and the environment through the provision of inclusive community spaces and programmes |
| | <i>Educational opportunities</i> | <ul style="list-style-type: none"> Number and variety of educational programmes across all ages Participation numbers in education programmes Qualitative feedback on education opportunities | |
| | <i>Te Papa O Nga Waka (the landing place for many)</i> | <ul style="list-style-type: none"> To be developed with mana whenua | |

* Denotes those performance measures developed for the LTP 2024-34

Alignment between Te Manawataki o Te Papa benefits, key strategic documents and KPIs is outlined in Figure 27. Refer to the Management Case for an extended benefits map showing targets and baseline information.

Figure 27: Alignment of benefits with key Council strategic documents



2.5.7 The risks of investment

Inherent risks are associated with all large-scale capital development projects and Te Manawataki o Te Papa is no exception. This section identifies key risks (at a high level) that may impact on the three investment objectives (refer Table 14). Refer Appendix 3 for the Council's risk matrix used to assess the key risks associated with Te Manawataki o Te Papa.

Table 14: Te Manawataki o Te Papa key risks to meeting investment objectives

| | Risk | Likelihood | Consequence | Risk Rating |
|-----------------------------------|---|------------|-------------|-------------|
| Achievement of strategic outcomes | Te Manawataki o Te Papa's scale and specification fails to activate city centre as anticipated <ul style="list-style-type: none"> Te Manawataki o Te Papa fails to activate the city centre and does not draw local, subregional, regional, national, or international visitors City centre continues to be poorly frequented, with people choosing to go elsewhere Lost opportunity to create vibrancy and city pride | Possible | Significant | High |
| | Significant disruption to the use of public spaces <ul style="list-style-type: none"> An event similar to Covid-19 disrupts the ability to connect with others causing facilities to remain closed. | Unlikely | Moderate | Moderate |
| | Community culture changes to an extent that fundamentally shifts the need for physical community facilities <ul style="list-style-type: none"> Library services and customer services are no longer needed due to online services being available and the use of reliable Artificial Intelligence for research purposes Museum and exhibition services are replaced by Virtual Reality or some other technology | Possible | Moderate | High |
| | Surrounding public and commercial investments fail to materialise impacting on Te Manawataki o Te Papa's benefits realisation <ul style="list-style-type: none"> Other developments in the city centre that Te Manawataki o Te Papa is dependent on to fully realise benefits (e.g., hotel on site B) do not proceed Intensification of Te Papa peninsula occurs at a much slower rate than predicted potentially slowing the realisation of benefits Transport initiatives are not implemented, causing transport issues to worsen and the city centre remaining/returning to an unattractive place to visit | Possible | Minor | Moderate |
| Reputational | Construction disruption <ul style="list-style-type: none"> Unforeseen circumstances disrupt construction and negatively impact timeframes | Possible | Significant | High |
| | Relationship with mana whenua is negatively impacted causing delays to Te Manawataki o Te Papa <ul style="list-style-type: none"> Mana whenua play an important role in the success of Te Manawataki o Te Papa. In the event that the relationship is damaged or strained this could impact negatively on the design, implementation and operation of Te Manawataki o Te Papa. | Unlikely | Moderate | Moderate |

| | | | | |
|------------------|---|----------|-------------|----------|
| | Community perception if changes to project costs <ul style="list-style-type: none"> Council has consulted on a total project budget of \$303.4 million. If that budget changes at this stage of the programme, or if there is cost creep and overspend later in the project, that could have a detrimental impact on the community perception of the Council. | Possible | Minor | Moderate |
| | Workforce availability <ul style="list-style-type: none"> Required workforce for construction is not available. | Possible | Significant | High |
| Service Delivery | Failure to operate Te Manawataki o Te Papa in an integrated manner across the civic precinct site results in sub-optimal experiences for users and lost opportunities for shared efficiencies for Council <ul style="list-style-type: none"> One of Te Manawataki o Te Papa's strengths is in its campus format and the philosophy that the whole is greater than the sum of the parts. Failure to realise this in an operational sense will result in higher operating costs and diminished user experiences. Disjointed management and detached teams across the civic precinct campus results in facilities operating in silos, a lack of integration and higher operating costs. | Unlikely | Minor | Moderate |
| | Failure to attract high value international touring exhibitions results in having to adapt the business model for the exhibition centre. <ul style="list-style-type: none"> Desired exhibitions are not readily available / accessible | Unlikely | Moderate | Moderate |
| Financial | Political change leads to substantial change in appetite for investment <ul style="list-style-type: none"> Council will see political change in 2024 as it transitions from commissioner led governance to elected members. The make-up of the 2024 elected Council is unknown, however the impacts for the organisation are likely to be significant. A change in political direction may result in significant delays, change in direction and/or changes to financial models. | Possible | Significant | Critical |
| | Capital costs increase above the project's allocated budget <ul style="list-style-type: none"> Factors such as inflation and supply chain constraints force costs higher than budget allocations. Interconnected nature of this programme of works amplifies the financial risk with many projects co-dependent on another through the sharing of spaces and/or facilities. | Possible | Severe | Critical |
| | Adequate funding is not secured <ul style="list-style-type: none"> 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 is further amplified by the interconnected nature of Te Manawataki o Te Papa. Although there is a multi-pronged funding strategy that will help to alleviate this risk, the recent Government Better Off funding announcement and the subsequent realisation that \$36 million is not available intensifies this risk. | Likely | Severe | Critical |
| | Unforeseen geotechnical issues on site increase capital costs of buildings <ul style="list-style-type: none"> Geotechnical investigations do not adequately anticipate ground conditions causing redesign and higher capital costs | Unlikely | Significant | High |

The different elements within Te Manawataki o Te Papa are at various stages of design development and therefore may risk being stalled due to various factors as outlined in the table above. This risk is

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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. The governance structure that has been developed to oversee the programme and several key gateway decisions points will ensure appropriate Council oversight is provided throughout the programme.

The projects that make up this programme of works include conservative assumptions regarding the level of project contingencies and cost escalation (refer Management Case). However, there is always a risk that significant unplanned events may have an impact on overall and eventual project costs.

Several of the key projects include a level of external funding. Funding requirements are discussed in detail in the Financial Case.

Optimism bias

There is always a risk of optimism bias in any business case. There can be the tendency to underestimate the cost of solutions, underestimate the implementation time and to overestimate the benefits. There has been, and will continue to be, extensive work to ensure that optimism bias is reduced, and the stated outcomes are realistic throughout the duration of this project.

2.5.8 Constraints and dependencies

Constraints are limitations imposed on the investment proposal from the outset or restrictions that limit a projects desired outcome. These differ from risks (as discussed above), which are unexpected events that can influence a project.

Two key constraints to Te Manawataki o Te Papa achieving its investment objectives are discussed in Table 15 and are:

- Transport issues constrain city centre investment as traffic congestion reduces productivity, business opportunities and reduces the attractiveness of a place to live and/or visit.
- Lack of quality accommodation in the city centre constrains investment due to limited places for visitors to stay.

Table 15: Key constraints to Te Manawataki o Te Papa meeting investment objectives

| | |
|--|---|
| Transport issues constrain investment in the city centre as it can be challenging to move around easily | <p>As in many fast-growing cities, transport is a challenge. Congestion is reducing productivity, relative attractiveness as desirable place to live, and opportunities for new business connections.</p> <p>The following factors contribute to the city centre's transport challenges⁴⁵:</p> <ul style="list-style-type: none"> • <i>Growth</i>: Our population growth and increasing economic activity (especially the amount of freight going to and from Port of Tauranga), means delays on key routes are getting worse. Daily traffic is increasing by about 8 percent each year which affects locals' quality of life and productivity. • <i>Walking and cycling</i>: The level of service provided for people to walk and/or cycle in the city is poor. Because of the speed and number of vehicles on the City's streets there are few streets in the city where people feel safe cycling. There are many barriers |
|--|---|

⁴⁵ See Transport System Plan Executive Summary - <https://www.tauranga.govt.nz/Portals/0/data/future/growth/files/transport-system-plan-executive-summary.pdf>

| | |
|--|--|
| | <p>inhibiting people from walking as a regular mode of transport. These include safety issues, unattractive environments, delays associated with walking in a vehicle focused environment. The city's limited walking and cycling infrastructure is currently being improved, particularly along the Te Papa peninsula.</p> <ul style="list-style-type: none"> • <i>Transport habits</i>: Tauranga is far more reliant on private vehicles compared to other places in New Zealand. Our homes, schools and workplaces are spread out and our topography means there are limited routes across our harbour. • <i>Public transport</i>: The portion of people using public transport in the city is lower than other New Zealand cities. The provision of infrastructure for public transport in the city is poor, only a limited number of bus stops have shelters and there are limited bus priority measures on core routes. • <i>Infrastructure</i>: The switch to electric vehicles and in the future, self-driving vehicles, will require new and different infrastructure, as well as increasing the demand for clean electricity. <p>Council plays a direct role in delivering a safe, sustainable and efficient transport system. As discussed above, together with its partners Council has developed the Urban Form and Transport Initiative and the Transport System Plan. This integrated land use transport programme will result in significant changes to the way people will move around in the future, reducing reliance on motor vehicles subregionally and locally, and with on-flow benefits for safety and environmental outcomes. Moreover, the combined approach is critical to maximise efficiency of the transport system, drawing more people into the city centre to work, live and visit, and increasing modal share opportunities. Evidence also indicates that the integrated investment programme proposed will increase the urban development value proposition for the area and encourage investment, resulting in faster growth over time. This will bring with it associated transport benefits related to transforming the way people move around the city. In addition, the wider economic benefits of the integrated approach are substantial – indicatively estimated with a present value of \$1.4b, arising within a context of \$11b+ of new urban development envisaged in the Te Papa peninsula over the next three decades (Te Papa Spatial Plan, 2020).</p> <p>Council has completed a Tauranga CBD Transportation Stress Test – Stage One (2017) using the Tauranga Traffic Model as a way to identify possible road network capacity constraints in and around the city centre. The projected network capacity is expected to accommodate the additional demand caused by visitation to the civic precinct. The transportation model also suggests that the mode of travelling into the city centre will need to transition into a higher use of public transport and active modes, as the parking capacity will not keep up with the increased demand to go into the city centre.</p> |
| Lack of quality accommodation constrains investment in the city centre due to limited places to stay for visitors | <p>The Bay of Plenty is a recognised tourist destination, and visitor spending has important financial implications for the region. The promotion of the economic well-being of the community and district through tourism growth, and the concurrent demand for visitor accommodation, needs to be supported by sufficient supply of quality accommodation in the city centre.</p> <p>Tauranga has a lack of accommodation to service those requiring four-star plus quality and/or a recognised hotel brand. When assessing the central city accommodation on offer, only Trinity Wharf offers over 100 rooms. Lack of accommodation has been perceived as a constraint for city centre investment over the years (and potentially a limiting factor on visitation to the city) and despite space in the market, no new major hotel development has been undertaken.</p> <p>A comparison of hotel rooms in nearby cities is provided in Table 16. This clearly shows that Tauranga city lags behind its neighbours, particularly in comparison with Rotorua. Rotorua's hotel capacity provides a significant competitive advantage with over double the number of hotels and more than three times more hotel rooms in comparison with Tauranga.</p> |

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| Table 16: Comparison of hotel accommodation in neighbouring cities ⁴⁶ | | |
|--|----------------------|-------------|
| Location | Hotel establishments | Hotel rooms |
| Tauranga | 9 | 494 |
| Rotorua | 22 | 1,828 |
| Hamilton | 8 | 687 |

Optimal activation of the city centre is therefore constrained by accommodation availability at the right scale and quality to service business travellers and travellers requiring a high-quality level of service.


Te Manawataki o Te Papa is one catalyst to assist private investment in hotels and similarly adequate accommodation. A hotel is proposed for Site B within Te Manawataki o Te Papa, along with the development of a conference centre and performance venue.

Dependencies are external influences on the success of investment in Te Manawataki o Te Papa, where success is contingent on the future action of others. A key dependency identified for Te Manawataki o Te Papa is the extent to which further investment in the city centre is progressed. Key projects proposed that will 'lift' the benefits realised through Te Manawataki o Te Papa are summarised in Table 17.

Table 17: Summary of key dependencies for Te Manawataki o Te Papa

| | |
|---|--|
| Level of further investment in the city centre | <p>Priority One has proposed a Tauranga Community Stadium on the Tauranga Domain. The preliminary business case outlining a preferred concept design for the stadium sets out the following elements:</p> <ul style="list-style-type: none"> • A boutique community stadium that provides scalable seating with ~7,000 permanent seats and provision for an additional ~8,000 temporary seats. • A light exhibition centre, ~2,000m² exhibition space plus support facilities. • A function centre, ~1,300m² • A community multi-sport facility, with ~400m² of changing rooms and lounge space. • A University of Waikato sports science/physiotherapy space, which includes 250m² of exclusive space and access to shared space. <p>Together, these elements plan to deliver a non-traditional stadium that operates as a community precinct, encouraging and enabling community use throughout the year. It is proposed to locate the Stadium on the Tauranga Domain. The estimated total project cost for the stadium is circa \$220M. The Preliminary Business Case indicates that the exact funding mix is still under development but is likely to be based on a mix of local government, central government, and charitable grant funding.</p> <p>Proposed plans for Site B in the civic precinct consist of a:</p> <ul style="list-style-type: none"> - convention centre capable of hosting meetings, conferences, and other events - hotel with sufficient volume and quality to meet delegate expectations - modern performance venue that offers new experiences and access to entertainment products not currently available in Tauranga <p>This proposal assumes a private sector delivery model for Site B and together are likely to generate significant visitor activity in the city centre, support the night-time economy and lift overall benefits realised through Te Manawataki o Te Papa.</p> <p>As outlined in section 2.4 above, Tauranga CBD Blueprint 2022-2030 (Priority One Tauranga Moana) identifies 20 catalyst developments, with a combined value of \$1.5B, underpinning</p> |
|---|--|

⁴⁶ Statistics New Zealand – Commercial Accommodation Monitor (CAM) Year-end Sept 2019 (last results published)

| | |
|---|---|
| | <p>the start of investment and further opportunities within Tauranga city centre leading up to 2030. The blueprint only includes developments that have high levels of certainty of completion, and as such, provides developers, investors, and the public with increased confidence about the transformation of Tauranga's city centre.</p> |
| <p>Transforming the city centre waterfront</p> | <p>\$83.7 million has been allocated by Council for the development of the city centre waterfront with many projects earmarked for completion before the end of June 2024. Projects being progressed include the upgrade of Dive Crescent carpark, a new waterfront playground, the upgrade of Beacon Wharf, and a new coastal connection and boardwalk along the waterfront between the city centre and Elizabeth Street. Although outside the scope of this business case, these projects will support the Te Manawataki o Te Papa development investment objectives through activating the city centre.</p> <p>For more information on plans to revitalise the waterfront, refer to Tauranga Moana Waterfront Plan⁴⁷.</p> <div data-bbox="453 719 1273 1400">  <p>Artist's impression of the existing city centre waterfront looking north. Showing new water's edge spaces and enhanced connection, through Masonic Park, to our new civic centre Te Manawataki o Te Papa and beyond.</p> </div> |

⁴⁷ <https://www.tauranga.govt.nz/Portals/0/data/future/civic-redevelopment/files/tauranga-moana-waterfront-plan.pdf>

Economic Case



3 ECONOMIC CASE

Structured and comprehensive analysis has been undertaken to evaluate a range of initiatives, alongside the Council's current approved option. The economic case validates the preferred option – **Single-stage Te Manawataki o Te Papa**. Wider testing with other significant city centre projects explores the investment suite that might be the 'right fit' for our community.

3.1 PURPOSE

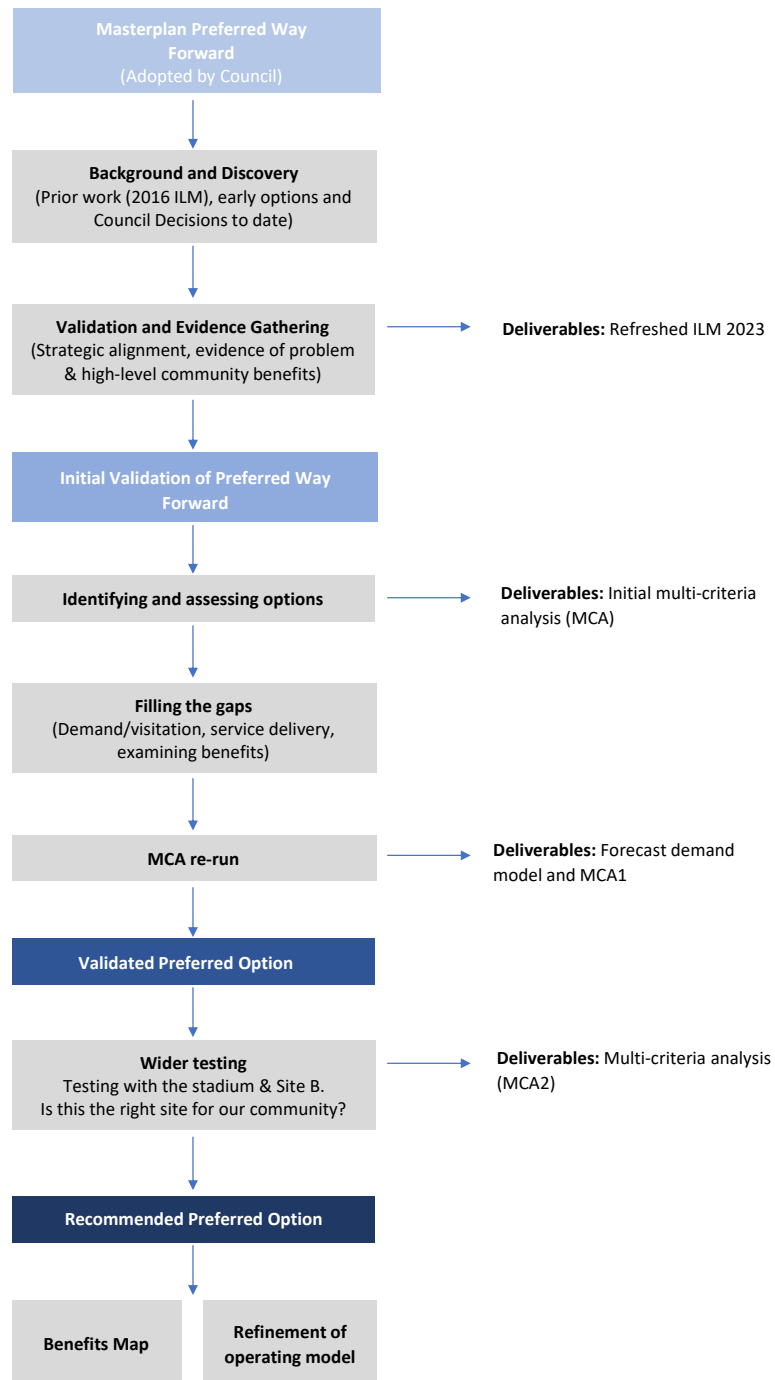
The purpose of the economic case is to identify the investment option that optimises value for money. Having determined the strategic context for the investment proposal and establishing a robust case for change, this economic case:

- Identifies alternative options to the preferred option approved by Council
- Undertakes an option assessment to validate if the current option approved by Council is the best way forward
- Examines the wider benefits generated from Te Manawataki o Te Papa
- Undertakes wider testing of Te Manawataki o Te Papa with the proposed Site B development and proposed Tauranga Stadium development to ensure the 'package' of investment is the right fit for our community.

3.2 PATHWAY TO VALIDATE THE PREFERRED WAY FORWARD

The process undertaken to validate the preferred way forward is outlined in Figure 28. This represents the key steps taken to identify and assess alternate options to ensure the preferred option (Te Manawataki o Te Papa) still represents the best way forward. The deliverables (as set out below) from these steps were evaluated with Commissioners and Executive team members. The refinement of the operating model and the benefits map (bottom of Figure 28) are addressed in the Financial Case and Management Case respectively.

Figure 28: Process undertaken to validate the preferred way forward



3.3 OPTION ASSESSMENT

Although Council has already approved in principle the current Te Manawataki o Te Papa project, evaluating alongside a set of potential initiatives is an important step to validate the option as the preferred way forward.

3.3.1 Identified options

Six options were developed by the project team alongside the Investment Logic Map (ILM) and then tested with the Executive Team and Commissioners in a workshop on 13 December 2022. As the **Single-stage development of Te Manawataki o Te Papa** option has already been identified as ‘preferred’ by Council, this was assessed against a mix of options already considered by Council and new options that represent ‘book-ends’ or ‘do minimum’ and ‘do maximum’ approaches on either side of the preferred option as comparisons to assess value for money. Table 18 outlines the six options considered, and Table 19 provides a matrix comprising relevant elements for each option.

Table 18: Six options identified for assessment

| Options | Description |
|--|---|
| Option 1 – Full public realm | A ‘do minimum’ option focusing on the creation of a high amenity green space in the city centre. |
| Option 2 – Library and Community Hub | Option 2 was included in the Long-term Plan 2021-31 and is limited to provision of a library and Library and Community Hub plus public realm development. |
| Option 3 – Extending cultural connection | An extension of option 2, that includes the wharf and civic whare as important cultural connections for Tauranga. |
| Option 4 – Te Manawataki o Te Papa Single stage | Te Manawataki o Te Papa as outlined in the masterplan process by Willis Bond. Single stage refers to completion of all buildings (Civic Whare, Library and Community Hub, Museum, Exhibition Centre) and associated landscaping within the precinct and Masonic Park and the new wharf by 2028. |
| Option 5 – Te Manawataki o Te Papa Multi-stage | Te Manawataki o Te Papa as outlined in the masterplan process with delivery staged and completed in 2036. |
| Option 6 – Highest and Best Economic Use | Commercial arrangement that will deliver short-term economic returns for the community e.g., selling the land for commercial purposes. |

Table 19: Elements contained within each option assessed

| | Site A establishment | Street upgrades | Civic Plaza | Library and Community Hub | Masonic Park | Wharf | Civic Whare | Museum and Exhibition Centre | Art Gallery entrance | Baycourt upgrade |
|--|----------------------|-----------------|-------------|---------------------------|--------------|-------|-------------|------------------------------|----------------------|------------------|
| Option 1 - Full public realm | • | • | • | | | | | | | |
| Option 2 – Library and Library and Community Hub | • | • | • | • | • | | | | | |
| Option 3 – Extending cultural connection | • | • | • | • | • | • | • | | | |
| Option 4 – Te Manawataki o Te Papa Single stage 2028 | • | • | • | • | • | • | • | • | • | • |
| Option 5 – Te Manawataki o Te Papa Multi-stage 2036 | • | • | • | • | • | • | • | • | • | • |
| Option 6 – Highest and Best Use | • | • | | | | | | | | |

3.3.2 Analysing the preferred way forward

Options were assessed against a set of criteria to determine which option delivers best value for money.

To evaluate the options, a multi criteria analysis (MCA) tool was developed to scope options against multiple monetary and non-monetary criteria. The MCA provides a method to assess the preferred option against other options to ensure it delivers the best mix of outcomes and value for money.

Four assessment criteria were used to analyse the preferred way forward:

- Three investment objectives identified in the strategic case:
 - To improve central city vibrancy and liveability by attracting 2,000,000 visits per annum to Te Manawataki o Te Papa by 2035.
 - To increase the present value of local and regional economic output by \$1b over the next 60 years.
 - To enhance inclusiveness, sense of belonging and cultural identity by attracting more than 300,000 annual museum visits and more than 800,000 annual Library and Community Hub visits, with 75 percent of residents being prepared to recommend Tauranga as a visitor destination by 2035.
- Costs, including capital costs and operational costs.
- The high-level risks associated with delivering the investment proposal.

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4. Business needs (or changes) required to get from the current arrangements to deliver the investment objectives. These are business needs that have not been previously considered elsewhere in the MCA or investment objectives but directly align with relevant strategies for Tauranga City (refer to Appendix 4 for a summary of identified business needs).

Table 20 sets out the assessment criteria weightings used in the MCA and the MCA findings are presented in Figure 29 (refer Appendix 5 for the full multi-criteria analysis).

Table 20: Assessment criteria used in the multi-criteria analysis

| Assessment area | Weight |
|-----------------------|--------|
| Investment objectives | 25% |
| Costs | 25% |
| Risks | 25% |
| Business Needs | 25% |

Figure 29: summary of multi-criteria analysis of options

| | | Option 1 Full public realm | Option 2 Library & Community Hub | Option 3 Extending cultural connection | Option 4 TMOTP Single stage | Option 5 TMOTP Multi-stage | Option 6 Highest and Best Use |
|--------------------------------|------------------------|-------------------------------|-------------------------------------|---|--------------------------------|-------------------------------|----------------------------------|
| Investment Objectives | Vibrancy & liveability | ● | ● | ● | ● | ● | ● |
| | Economic development | ● | ● | ● | ● | ● | ● |
| | Inclusiveness | ● | ● | ● | ● | ● | ● |
| Total Cost | | \$95M | \$348M | \$444M | \$703M | \$763M | \$45M |
| Capital costs | | \$35M | \$136M | \$177M | \$310M | \$370M | \$19M |
| NPV operational costs (60 yrs) | | \$60M | \$212M | \$267M | \$393M | \$393M | \$26M |
| Risks | | ● | ● | ● | ● | ● | ● |
| Business needs | | ● | ● | ● | ● | ● | ● |
| Ranking | | 4 | 2 | 2 | 1 | 5 | 6 |
| Overall | | Discounted | Discounted | Possible | Preferred | Possible | Discounted |

Total costs across the options range from \$95 million (Option 1) for the cost of 'Full public realm' to \$760 million (Option 5) for Multi-staged Te Manawataki o Te Papa'. In terms of ranking, Option 4 ranks as the preferred option, followed by Options 2 and 3.

Option 1 – Full public realm

This option represents the creation of a high-quality urban public realm on Site A with no significant buildings. This would provide a large green space for passive recreation in the city centre at relatively low capital cost (\$35 million). It is clearly shown that this option is not desirable, ranking fourth out of six options. It is assessed as doing little to contribute to investment objectives and business needs and has relatively high-risk profile relating to political and public support.

Option 2 – Library and Community Hub

Option 2 is based on building a Library and Community Hub (that includes a library and customer services) and associated landscape as approved in the LTP 2021. This option is ranked second equal (along with Option 3). Although this option is assessed as being very limited in meeting investment objectives, it is associated with relatively low costs (total costs of \$348M, including capital costs of

\$136M), reasonably low risks and is assessed as 'medium' in meeting six of the ten business needs. This option does not meet the vision of the masterplan and intended revitalisation of the civic precinct, potentially resulting in protracted and uncoordinated development if further development was decided later. In addition, the community clearly stated that this was not their preferred option as part of the LTP Amendment consultation process in 2022.

Option 3 – Extending Cultural Connection

Option 3 is an extension of option 2 and includes a wharf at the end of Wharf Street and the Civic Whare. These two elements have cultural significance. The wharf provides a waka launching platform enabling traditional cultural practices. The civic whare, located in the centre of Site A, is an important symbolic building commemorating the cultural significance of the site to mana whenua as well as the site's importance as an early Kāinga (village) for both Māori and European settlers and travellers. This option ranks second equal with option 2. Although more expensive (\$444 million total costs, including capital costs of \$177 million) and slightly riskier than option 2, it is assessed as contributing far more to each of the three investment objectives and the business needs compared with option 2.

Option 4 - Single-Stage Phased Development Completion 2028

Option 4 is based on a single-stage phased development of Site A between 2023 and 2028 - delivery of the Civic Precinct Site A, including the Civic Whare, Library and Library and Community Hub, Museum and exhibition centre and associated landscaping within the precinct and Masonic Park and the new wharf.

Advantages of a single-phase development include:

- Design cohesion and coordination of the facilities and public spaces within the site.
- Further economic benefits may be available through the consolidation of costs for design, consenting, site establishment and construction. This approach simplifies the sign off and Code Compliance Certificate (CCC) process and may result in additional cost savings.
- Social benefits by providing facilities and public spaces to revitalise the city centre within a 6-year period.
- Reduction in the length of construction on the site and associated disruption on surrounding businesses and the functioning of the city centre.
- Increased business confidence resulting from Council commitment to investment in urban revitalisation and renewal in the city centre.
- Consolidation of construction capability within the region.

This is the preferred option ranking first against the other five options. As well as contributing fully to all three investment objectives, it is assessed as making a high contribution to seven of the ten business needs with a medium risk profile. Although relatively costly, with total costs amounting to \$703 million over 60 years (including \$309.8 million of capital cost over the next five years), this option does have a positive cost benefit assessment of 1.17⁴⁸).

⁴⁸ Cost benefit assessment is only available for Option 4 as it is based on work provided by GHD on the preferred option.

Option 5 - Multi-Staged Sequential Development with Completion 2036

This option is based on a multi-staged sequential development of the civic precinct between 2024 and 2036:

- Stage 1 – 2023-2026 – delivery of the Library and Library and Community Hub and progress concept designs, costings and funding options for the Civic Whare, Museum and Exhibition Centre and associated landscaping, for inclusion in the draft LTP 2024-34
- Stage 2 – 2026-2030 – delivery of the Civic Whare and Exhibition Centre
- Stage 3 – 2030-2034 – delivery of the Museum and Masonic Park
- Stage 4 – 2034-2036 – Delivery of the wharf.

The major difference between options 4 and 5 is timing and cost. Option 5 has a similar risk and business need profile as Option 4, it meets the investment objectives (although this is delayed) and costs an estimated \$60 million more than Option 4. Option 5 will require Council approval for each stage of the project over the next 12 years and anticipates circa 5 percent per annum construction cost inflation, which over a 10-year period could increase the compounded cost of the project. This option has lower initial costs, however the advantages mentioned in relation to Option 4 will not be realised nor will savings that could be achieved through the costs for design, consenting, site establishment and construction being streamlined.

Option 6 - Highest and Best Economic Use

Option 6 represents a commercial option for Site A. Located in the central city, Site A has high commercial value. Although it is primarily earmarked for community use and benefit, it is useful to consider the alternative of selling Site A for private commercial development. Ranking last, this option is assessed poorly in terms of contributing to investment objectives and business needs with a high-risk profile.

To achieve premium market value, land would need to be sold freehold without any covenants, encumbrances, or other land-use restrictions. Whilst this is unlikely to be possible (given the history of the land, cultural significance to mana whenua, reserve status of a parcel of land on Site A, and the ownership structure that is in place with the establishment of a CCO), assessing the value of this land at a market rate provides a useful point of comparison (or bookend) with alternative options.

Sensitivity Analysis

Evaluation criteria were assigned a weighting based on their importance and relevance to the assessment. These weightings (Table 21) were tested through a sensitivity analysis and do have an impact on the overall ranking of options (Table 22). Sensitivity analysis determines how different variables contribute to a model's overall uncertainty, for example, what happens if we double the cost weightings, or risk weightings? If the outcome or ranking remains unchanged, this means the model is stable or reasonably certain.

Table 21. Sensitivity analysis – criteria weighting assumptions

| Weightings | | | | | | |
|-----------------------|---------|-------------------------------|--------------------------|--------------------------|--------------------------------|------------------------------|
| | Initial | 2x Inv. Obj. Sensitivity 1 | 2x Cost Sensitivity 2 | 2x Risk Sensitivity 3 | 2x Bus. Needs Sensitivity 4 | Alternative Sensitivity 5 |
| Investment Objectives | 25% | 50% | 17% | 17% | 17% | 30% |
| Cost | 25% | 17% | 50% | 17% | 17% | 30% |
| Risks | 25% | 17% | 17% | 50% | 17% | 20% |
| Business Needs | 25% | 17% | 17% | 17% | 50% | 20% |
| | 100% | 100% | 100% | 100% | 100% | 100% |

As demonstrated by the sensitivity analysis below, the ranking of the options change with variations to the criteria weightings. This means the model is sensitive. Option 4 remains the preferred option and strikes a good balance between the investment objectives and business needs criteria, however, it is sensitive to both higher costs and risk weightings (ranking 5th and 4th respectively). For this option to remain as the preferred option, cost and risk escalation will therefore need to be minimised. Options 2 and 3 both rank second in the initial MCA and are less sensitive to changes in criteria weightings.

Table 22. Sensitivity analysis – options ranking.

| | Option 1 | Option 2 | Option 3 | Option 4 | Option 5 | Option 6 |
|---------------|-------------------|------------------------|-------------------------------|-------------------------|-------------------------|------------------------|
| | Do Min | Long Term Plan 2021-31 | Extending Cultural Connection | Te Manawataki o te Papa | Te Manawataki o te Papa | Commercial Arrangement |
| | Full Public Realm | Library and Community | Option 2 + | Option 3 Single Stage | Multi-Stage | Highest and Best Use |
| Initial | 4 | 2 | 2 | 1 | 5 | 6 |
| 2x Inv. Obj. | 5 | 4 | 2 | 1 | 3 | 6 |
| 2x Cost | 1 | 3 | 4 | 5 | 6 | 2 |
| 2x Risk | 1 | 2 | 3 | 4 | 6 | 5 |
| 2x Bus. Needs | 5 | 4 | 3 | 1 | 2 | 6 |
| Alternative | 4 | 2 | 2 | 1 | 5 | 5 |

Wider Benefits

GHD's *Wider economic benefits of Tauranga Civic Precinct Update (May 2023)* report highlights the potential contribution the redevelopment could make to the city. GHD reports on two scenarios:

- 'Assumed' scenario based on Council's growth projections
- 'Catalyst' scenario assuming the redevelopment directs growth toward the city centre and inner suburbs of Tauranga.

GHD's methodology used to assess the potential contribution the redevelopment could make to the city consisted of three approaches:

- Quantifying (in net present value terms)
- Proxying (expressing in non-monetary numbers) those benefits where possible
- Describing those benefits that cannot be expressed in numbers.

Table 23 provides descriptors against each of GHD's scenarios. GHD recommends using the 'Assumed' scenario (based on Council's growth projections) at the 4 percent discount rate as the primary scenario for estimating benefits. A cost benefit ratio of one or above indicates the benefits equal or are greater than the costs, and conversely a cost benefit ratio of less than one indicates the costs outweigh the benefits. GHD reports benefits using both 4 percent and 6 percent real discount rates. As expected, the benefit values are lower at the 6 percent discount rates (note Treasury's recommended rate is 5%). Changing to an 'Assumed' 6 percent scenario provides a very 'conservative' estimate and is a useful comparator alongside the 'aspirational' Catalyst 4 percent scenario.

Table 23: Scenario matrix with Council's descriptors

| | 4% discount rate | 6% discount rate |
|-----------------|-------------------------|------------------|
| Assumed | Realistic (recommended) | Conservative |
| Catalyst | Aspirational | Ambitious |

Cost benefit analysis was carried out using the above GHD scenarios resulting in a positive result (greater than one) for three of the four scenarios (refer Table 24).

Table 24: Scenario matrix with cost benefit analysis results

| | 4% discount rate | 6% discount rate |
|-----------------|------------------|------------------|
| Assumed | 1.17 | 0.95 |
| Catalyst | 2.03 | 1.61 |

Key findings from GHD (2023) included that the proposed investment could generate between \$513.1 and \$1,370.5 billion in total estimated quantified benefits in net present terms over the next 60 years (Table 25). Categories for valuing benefits were derived by GHD and the largest component of benefits assessed are tourism benefits, followed by the use and non-use value of the new amenities derived by Tauranga residents, cultural expression benefits for Māori, and agglomeration of benefits assumed to be stimulated in the city centre and immediate surrounding area.

Table 25: Estimated quantified benefits for Te Manawataki o Te Papa in net present terms over the next 60 years⁴⁹

| | 4% real discount rate | | 6% ⁵⁰ real discount rate | |
|--|-----------------------|-----------------|-------------------------------------|----------------|
| | Assumed | Catalyst | Assumed | Catalyst |
| Agglomeration benefits from business concentration | \$18.9 | \$172.7 | \$9.7 | \$89.0 |
| Use and non-use value of amenities | \$187.2 | \$192.5 | \$119.0 | \$122.0 |
| Visitor/Tourism contribution to GDP ⁵¹ | \$419.0 | \$822.8 | \$280.8 | \$551.4 |
| Value of Māori cultural expression ⁵² | \$161.1 | \$161.1 | \$102.5 | \$102.5 |
| Lower emissions growth in housing | \$2.2 | \$20.6 | \$1.0 | \$9.4 |
| Lower opportunistic crime | \$0.1 | \$0.7 | \$0.1 | \$0.4 |
| Total quantified benefits | \$788.4 | \$1370.5 | \$513.1 | \$874.7 |

⁴⁹ GHD (2023): Wider economic benefits of Tauranga Civic Precinct Update.

⁵⁰ The Treasury's recommended discount rate for social investment projects is 5%.

⁵¹ In the case of visitor benefits, direct and total values are shown rather than Assumed and Catalyst scenario results

⁵² Value of Māori cultural expression is assumed to be a constant across scenarios

A summary of GHD's findings relating to quantified benefits include:

- **Agglomeration benefits from business concentration** – As job density rises, productivity among workers rises due to businesses operating nearer to increased customers, suppliers, and competitors. The estimated agglomeration benefits attributable to the redevelopment ranges from between \$9.7 million and \$173 million in net present terms depending on the scenario and discount rate.
- **Use and non-use value of amenities** – The investment proposal will significantly improve the public realm and public facilities but measuring the value of these improvements is challenging. GHD highlights in the report that such facilities are valuable to both users and non-users (for example, a park has value to those who use it, but also who may not use it but walk past the green space or have a view to it). Analysis is limited to the Library and Community Hub, Baycourt upgrades and the museum and was conservatively valued at providing benefits ranging from \$119.0 million to \$192.5 million.
- **Visitor/Tourism contribution to GDP** – The investment proposal will provide opportunities for attracting visitors to the city centre. Using Rationale's visitation modelling and by using average visitor spend, GHD estimates the benefits triggered a total between \$280.8 million and \$822.8 million.
- **Value of Māori cultural expression** – Valuing cultural expression is challenging. Using work from Kāinga Ora and Ministry for Social Development, GHD analysed the value of the investment proposal in terms of improvements to Māori cultural expression and reported that benefits range from \$102.5 million to \$161.1 million.
- **Lower emissions growth in housing** – It is assumed that the investment proposal will shift the growth path where development occurs. Denser development is likely to result in lower emissions growth. In dollar terms, the benefits from this range from \$1.0 million to \$20.6 million depending on the scenario used.
- **Lower opportunistic crime** – Denser city centres tend to have less opportunistic crime. GHD acknowledged the difficulty of placing a dollar value on perceptions of safety and limited their analysis to the reduced private costs of actual crime, noting that the true benefit may be much larger than the estimated benefits of between \$0.1 million and \$0.7 million.

Proxied benefits identified by GHD (Table 26) include stimulation of additional housing in central areas, supporting a wider range of businesses and an increased market size for city centre businesses. A new library is estimated to support a step change in library use with a large opportunity to boost literacy and other educational outcomes among young people.

Table 26: Proxied benefits for Te Manawataki o Te Papa⁵³

| | Assumed | Catalyst |
|--|---------|----------|
| Number of additional houses stimulated in Tauranga Central and Inner Area | 155 | 1,474 |
| Number of new businesses stimulated in Tauranga in Central and Inner Area | 97 | 597 |
| Increased resident market size for local business resilience in central and inner area | 317 | 3,003 |
| Educational benefits – additional local child visits to library over analysis period (000) | 2,812 | 2,812 |

⁵³ GHD (2023): Wider economic benefits of Tauranga Civic Precinct Update.

Additional key benefits described by GHD are:

- Stimulation of private investment through the redevelopment expressing confidence in a revitalised downtown area that will support further inward investment
- Greater sense of civic pride and improved social cohesion through creating a vibrant city centre having a catalytic impact on the city.

3.3.3 Reconfirming the preferred option – Single staged Te Manawataki o Te Papa

Through the process of multi-criteria analysis, **Option Four – Single-stage Te Manawataki o Te Papa** has been validated as the preferred way forward.

This option 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 (Tauranga harbour). It is considered that Te Manawataki o Te Papa clearly aligns with current strategy and policy and will provide wide ranging social, economic, cultural, and environmental benefits, including between \$513.1 to \$1,370.5 million in quantified benefits in net present terms, that will have a positive impact on our communities today and in the future.

Through a campus precinct approach “the whole is greater than the sum of its parts”. The Single-staged Te Manawataki o Te Papa delivers in accordance with the adopted masterplan, provides a coherent and integrated plan for the civic site and removes the need for decisions on a staged project by project basis. It encourages connection between the different facilities and the environment. Sharing of activities and facilities is enabled, such as meeting and function spaces, and ‘back of house’ facilities such as kitchens and toilets – all providing better connection, efficiencies, and cost savings. The campus approach provides ‘economies of scale’ in design, procurement and construction, and the ability to leverage greater utilisation opportunities. It is a commitment to deliver a programme of works that acts as a catalyst for further private investment in the city centre as it improves investor confidence.

This option 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.

Key elements of Te Manawataki o Te Papa

Table 27 provides a description of the key facilities and associated services across Te Manawataki o Te Papa covered by the preferred way forward of Option Four – Single-stage Te Manawataki o Te Papa.

Table 27: Key facilities and services across the preferred way forward – Single-stage Te Manawataki o Te Papa

| Facility | Building description | Provision of services |
|--|---|--|
| Library and Community Hub GFA: 5,613m ² | A three-level building featuring a mass timber hybrid structure with exposed timber visible in many parts of the building including an internal timber staircase across all levels. | The Library and Community Hub will provide a library, archive, community space (with secure after-hours access), customer services functions, terrace, café, and kiosk providing I-Site and site wide ticketing functionality. |

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| | | |
|---|---|---|
| | <p>The facade design is centred around the concept of a canopy or trees surrounding the 'home fire' within the building, sitting alongside the water flow or river that runs down the site shaping the building and splitting away the kiosk from the main structure.</p> | <p>This is a multi-purpose facility that incorporates an integrated customer services function and provides for community activities beyond simply a traditional library, including:</p> <ul style="list-style-type: none"> • Study spaces • Information literacy services • Archive and research services • Bookable community meeting and training spaces • Technology access, learning and innovation spaces • Cafe and relaxation and restorative spaces • I-site and integrated ticketing. |
| <p>Museum and Exhibition Centre</p> <p>GFA: 780m2 (museum)</p> <p>820m2 (exhibition)</p> | <p>A three-level building that enables the museum and exhibition spaces to be interchangeable and will support the nearby library and art gallery.</p> <p>The expression of the façade is inspired by the articulation of Māori vessels that were used to store precious taonga.</p> <p>An evolution of the traditional or colonial 'museum grand foyer' translated to a dual indoor and outdoor space connected with nature - humble, welcoming and inclusive of all.</p> <p>The exhibition space has been developed to allow for a flexible space that can be split into two separate spaces or used as one large 820m2 space that features a 5m wide connection.</p> | <p>Tauranga has a proud history and extensive Heritage Collection. The Museum will become the realisation and vessel for the protection, preservation, care, and enjoyment of the Heritage Collection for locals and visitors. An active and social space that celebrates the history of Tauranga and the Bay of Plenty, with the ability to host international quality exhibits.</p> <p>Museum primary functions:</p> <ul style="list-style-type: none"> • Permanent and static displays • Changing interactive and immersive exhibits • Touring temporary exhibits • Interactive educational / discovery displays • Play, storytelling and creativity spaces • Education programmes - NZ history curriculum and school holiday programmes • Creative maker spaces (wet and dry workshops) • Retail - museum and exhibition focus • Research services • Café • Community bookable space and private hire community meeting rooms <p>Exhibition centre primary functions:</p> <ul style="list-style-type: none"> • Touring large exhibitions (ticketed) • Local exhibitions (presented by TCC, local orgs) • Space to support Museum, Art Gallery programming |
| <p>Civic Whare</p> <p>GFA: 581m2</p> | <p>A timber construction nestled into the landscape. The building is adjacent to the Exhibition centre, allowing shared bathrooms and kitchen spaces.</p> <p>The internal layout is complemented by flat floor layout with moveable/ partition walls</p> | <p>A leading example of a modern partnership approach with Māori that demonstrates Te Tiriti o Waitangi principles; TCC's Te Aō Māori strategic approach; and celebrates the culture and heritage of Tauranga Moana.</p> |

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| | | |
|---|--|---|
| | <p>and loose furniture to accommodate the various different modes the space will accommodate.</p> <p>A key design feature of the Civic Where is the oculus or skylight that provides natural light and the curved form of the structure that opens to the ātea (courtyard) providing a direct line of sight to the moana (harbour).</p> | <p>Located metaphorically and physically at the heart of the precinct. This is a multipurpose facility incorporating both traditional Māori design principles and modern Council requirements.</p> <p>Primary functions:</p> <ul style="list-style-type: none"> • Formal community meeting house (e.g., Council meetings) • Special cultural events (citizenship ceremonies) • Formal welcome for dignitaries / VIPs / dignitaries / VIPs / another iwi and hapū • Venue for significant decision-making • Council led community engagement / information sessions |
| Public Realm | <p>This is a landscaped outdoor space that takes it cues from the flow of wai (water) from puna (spring) to moana (sea). The design re-establishes the green corridor from ngahere (forest) to moana (sea) that once existed, nurturing ecosystems and connecting the people of Tauranga with nature.</p> <p>This element has an important opportunity to provide animation and life to the surrounding streets and city.</p> | <p>Primary functions:</p> <ul style="list-style-type: none"> • Celebration events (e.g., Matariki, ANZAC day) • Markets and festivals • Public concerts, outdoor exhibitions and free events (e.g., outdoor movies, art displays) • Organised gatherings • Bookable community event space • Sculpture gardens and amphitheatre |
| Marine wharf and pavilion | <p>A new wharf and hospitality structure offering a viewing platform with views across Tauranga's Waterfront.</p> <p>The wharf bookends the tidal stairs to the north, creating ferry arrival / departure berths, water recreation facilities and an information / event kiosk interfacing with the new promenade land side and creates an enclosed and celebrated aquatic recreation space.</p> <p>The structure facilitates social seating/meeting amenity, shade, shelter and activation.</p> | <p>Primary functions:</p> <ul style="list-style-type: none"> • Iwi/Hapū/Māori enterprise and experiences • Hospitality (food and beverage) • Alfresco hospitality • Marine tourism Services e.g., craft hire • Public (water taxi) and commercial (charters) docking • Observation deck • Waka launching area |
| Baycourt Community and Arts Centre upgrade | <p>An upgrade of Baycourt that will modernise the facility and reflect the architectural design of other buildings within the Civic Precinct. An outdoor lift will be added to the outside of the building, allowing 24/7 accessible access across the site.</p> | <ul style="list-style-type: none"> • No change in service provision. |
| Art Gallery entrance re-orientation | <p>Creation of an entrance to engage with Masonic Park and Te Manawataki o Te Papa users, including the enhancement of visibility and identity of the art gallery within the cultural precinct.</p> | <ul style="list-style-type: none"> • No change in service provision. |

Demand forecasting – how many people will visit Te Manawataki o Te Papa in the future?

Demand forecasting refers to the process of predicting future use so we can make more informed decisions about benefits and costs, and therefore ultimately evaluate if the investment will provide value for money for the community.

Two key questions were explored by Council and Rationale in relation to the preferred Single-stage Te Manawataki o Te Papa option:

1. Defining service delivery – ‘what’ activities and services will be provided?
2. Modelling demand – how many people will visit and where will they come from?

The project team connected across the business with key managers to define services that would be provided in each of the facilities. This was then workshopped with Commissioners on 8 March 2023. The outcome of this process is summarised in the ‘provision of services’ column of Table 27 above and further detail is provided in Appendix 6. Appendix 7 further describes the level of services by activity.

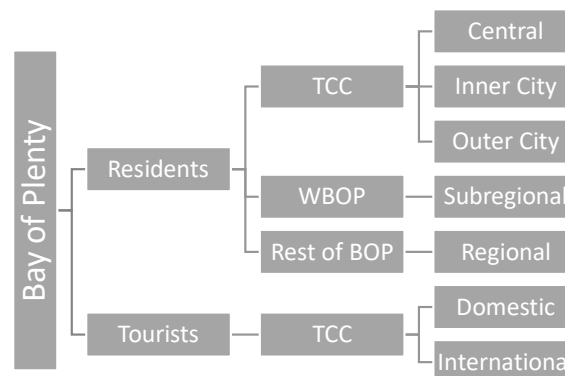
Service delivery was then used to inform forecasting the number of visits to each facility and the integrated Te Manawataki o Te Papa campus over a 30-year period. Forecast demand modelling was undertaken by Rationale using the following high-level methodology:

- Levels of resident population determined using Council’s population growth projections⁵⁴ and Ministry of Business Innovation and Employment’s New Zealand Activity Visitor Forecast.
- Evidence of visitation to similar facilities across the rest of New Zealand compiled.
- Benchmarking performed to compare visitation across facilities across the country and to establish realistic total visitation rates with input from key managers across the business.
- Visits apportioned to catchments using market-share evidence from other facilities across New Zealand.
- Visitation numbers adjusted to account for an expected uplift from the buildings being part of an integrated wider complex (the previous steps had been carried out without consideration to this). This was done by assuming a 0 percent to 10 percent uplift in visitation for each of the buildings depending on their likeliness to gain additional visitors from other campus buildings. Benchmarking was taken into consideration to validate the final visitation rates against other multi-purpose facilities in the country.

A visitation forecast was developed for Te Manawataki o Te Papa estimating visits for each building by spatial catchments. These catchments were defined as city central, inner city, outer city, subregional, regional, domestic and international, with the last two characterising tourists visiting Tauranga City (Refer Figure 30). Note that all catchments are mutually exclusive, for example the regional catchment represents areas in Bay of Plenty outside of Tauranga City and Western Bay of Plenty District rather than the whole region.

⁵⁴ <https://www.tauranga.govt.nz/Portals/0/data/council/reports/population-household-review-2022.pdf>

Figure 30: Outline of spatial catchments

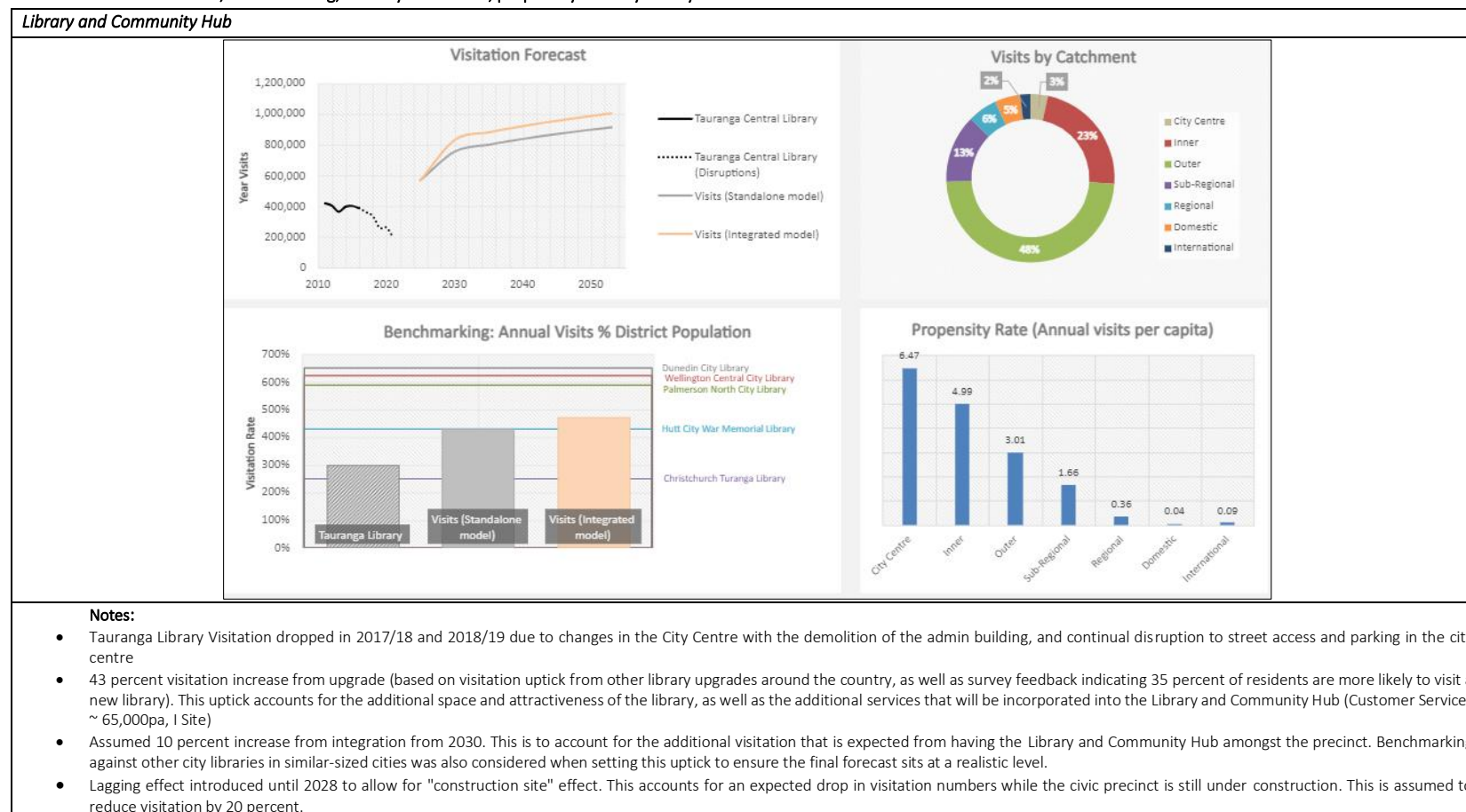


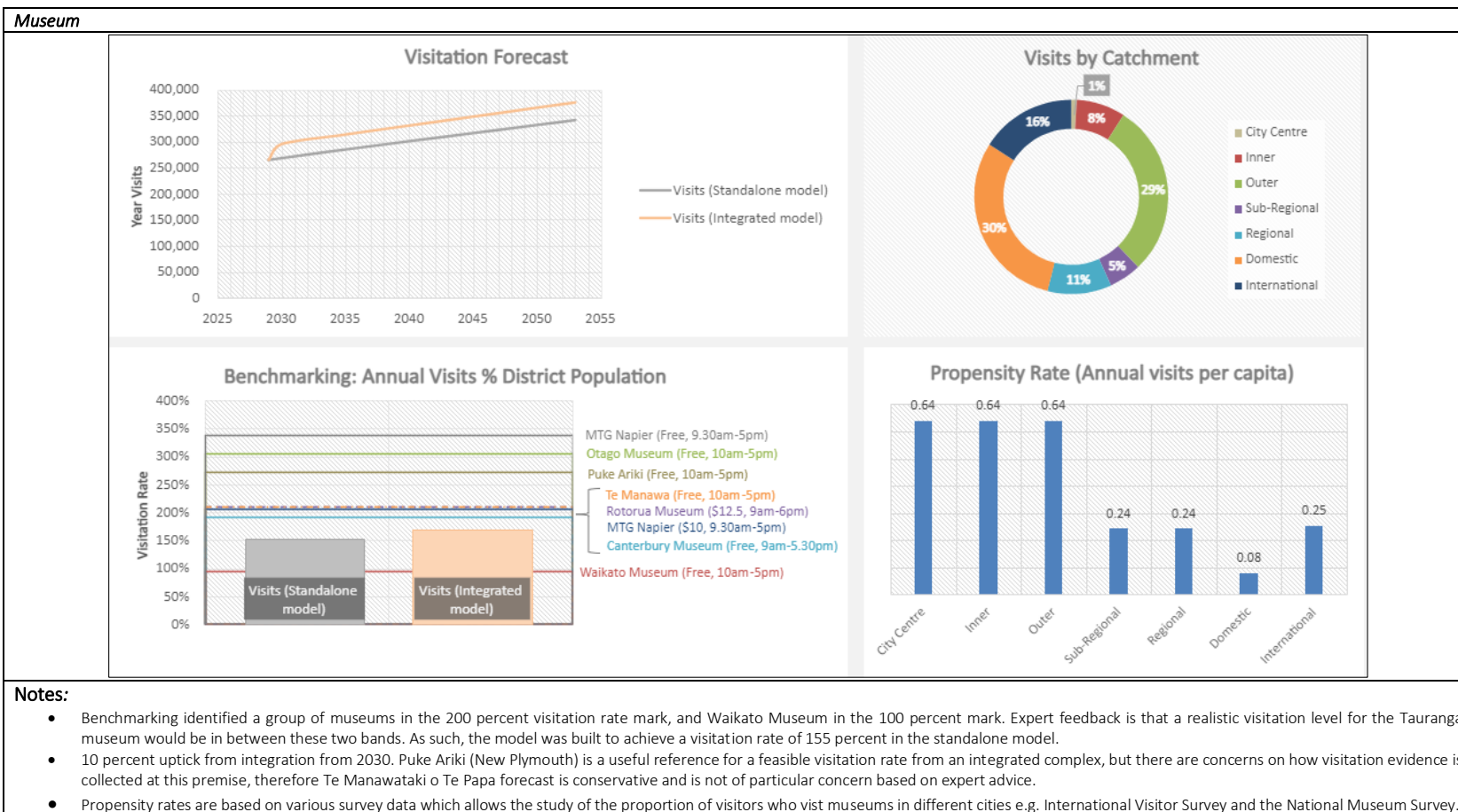
Interpretation of the metrics and charts presented in Table 27 are described below. Outputs from Rationale's demand forecasting are presented in Table 28.

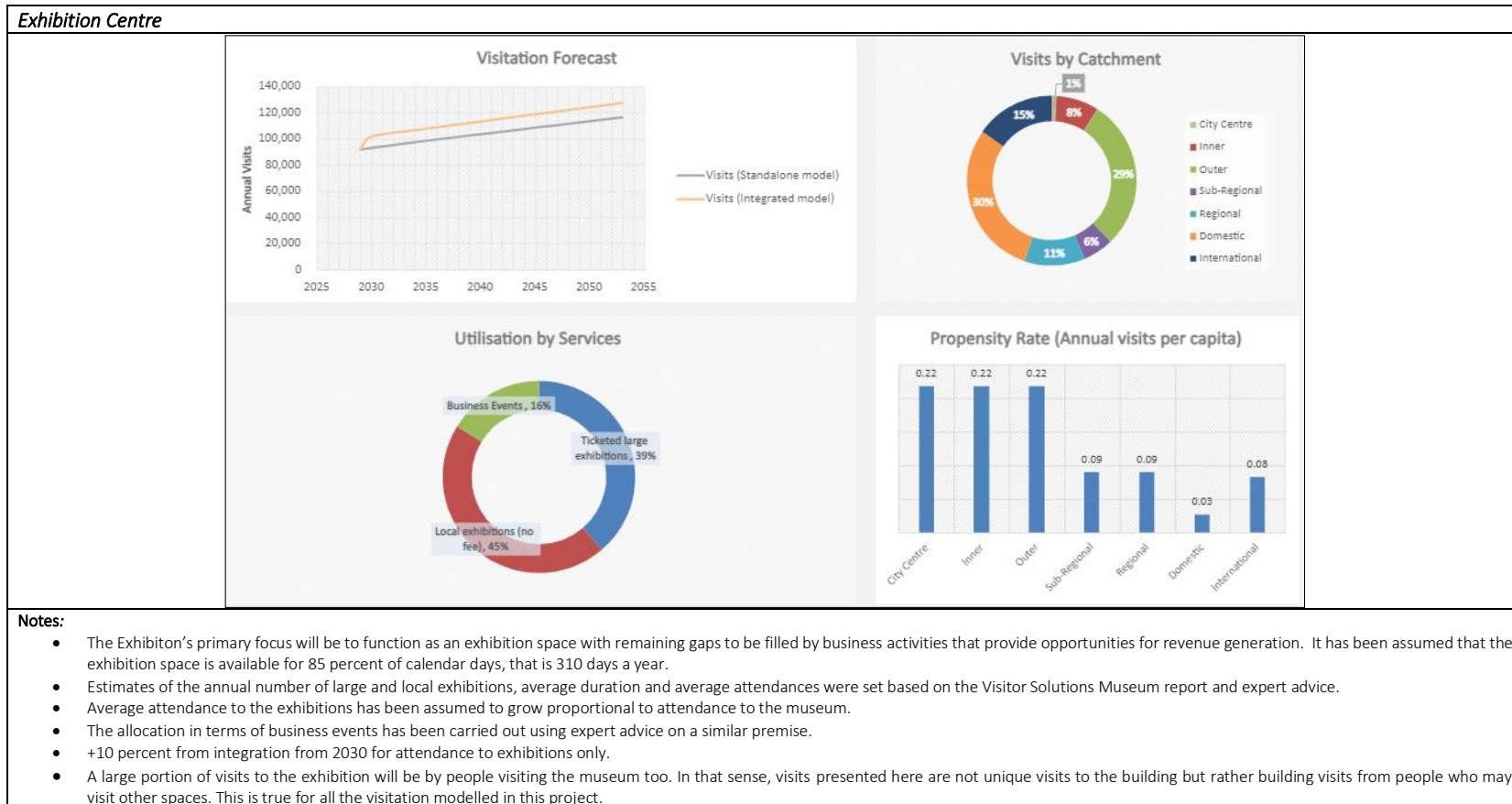
Table 28: Description of metrics and charts used in Rationale's visitation forecast

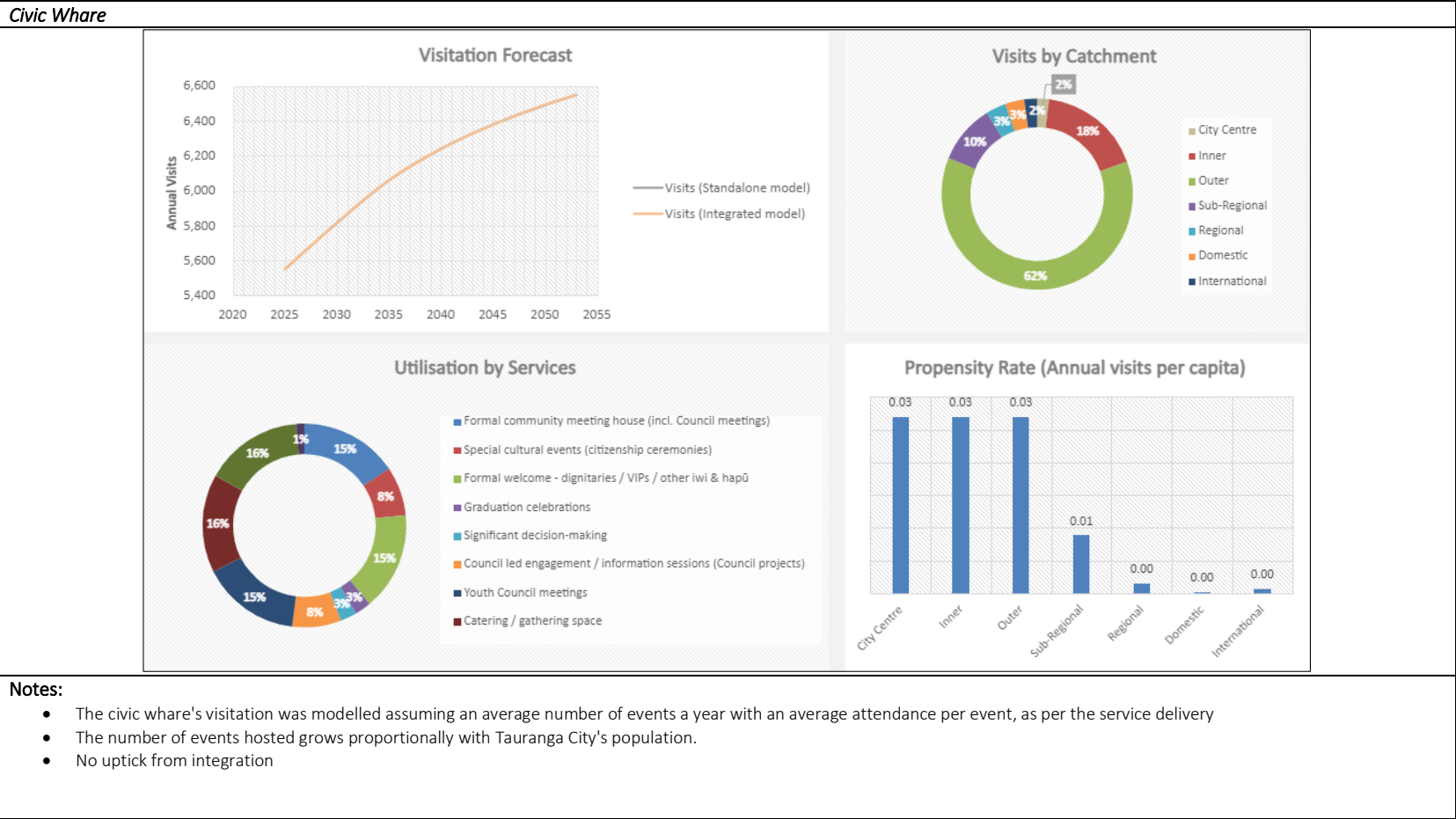
| | |
|---|---|
| Visitation forecast | This output contains the yearly visitors expected to the building. It includes a standalone model, which is an estimate of visitation for the building on an individual basis, and an integrated model which accounts for uplift in visitation due to being surrounded by other active buildings. |
| Benchmarking: Annual visits as a percentage of district population | The visitation rate is a high-level metric defined as total annual visits over the population of the district. This is not to be interpreted as x visits per year, as a significant portion of the annual visits come from people outside the district. Rather, this is to be interpreted as a performance metric of how much visitation a facility gets in proportion to the size of the city it is in. For example, benchmarking for the Library and Community Hub shows that the current Tauranga library has a visitation rate of 300 percent, meaning it gets a total number of visits that is 3 times the population of Tauranga City. This is well below some of the other facilities around the country. The integrated model forecasts a visitation rate of over 450 percent for the new Library and Community Hub, meaning it expects the total number of visits to be over 4.5 times the population of Tauranga City annually. |
| Visits by catchment | This metric simply breaks down the visits to the building by catchment i.e., 48 percent of visits to the Library and Community Hub are from people residing in the outer city. |
| Propensity rate (Annual visits per capita) | This metric shows the expected yearly visits of people from each catchment. This is fundamentally a result of the apportionment of total visits into catchments using market-share evidence from other facilities. For example, the propensity rates for the Library and Community Hub illustrates that we expect people in the city centre to visit the Library and Community Hub over 6 times a year, while people living in the outer city are expected to visit 3 times a year. It also tells us that there is a 4 percent chance of domestic tourists visiting the facility, and 9 percent chance for international tourists. |

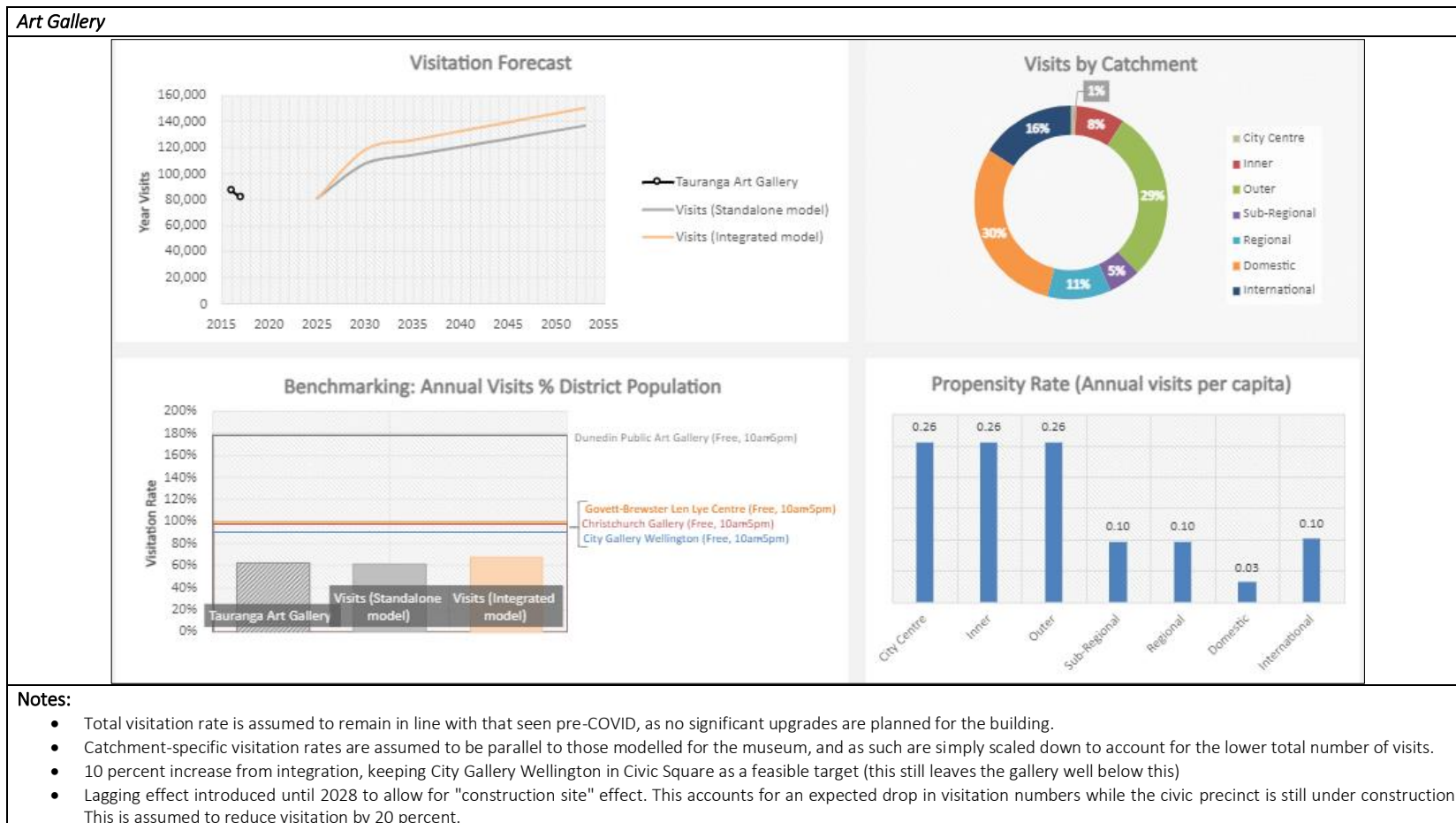
Table 28: Forecast demand, benchmarking, visits by catchment, propensity rates by facility



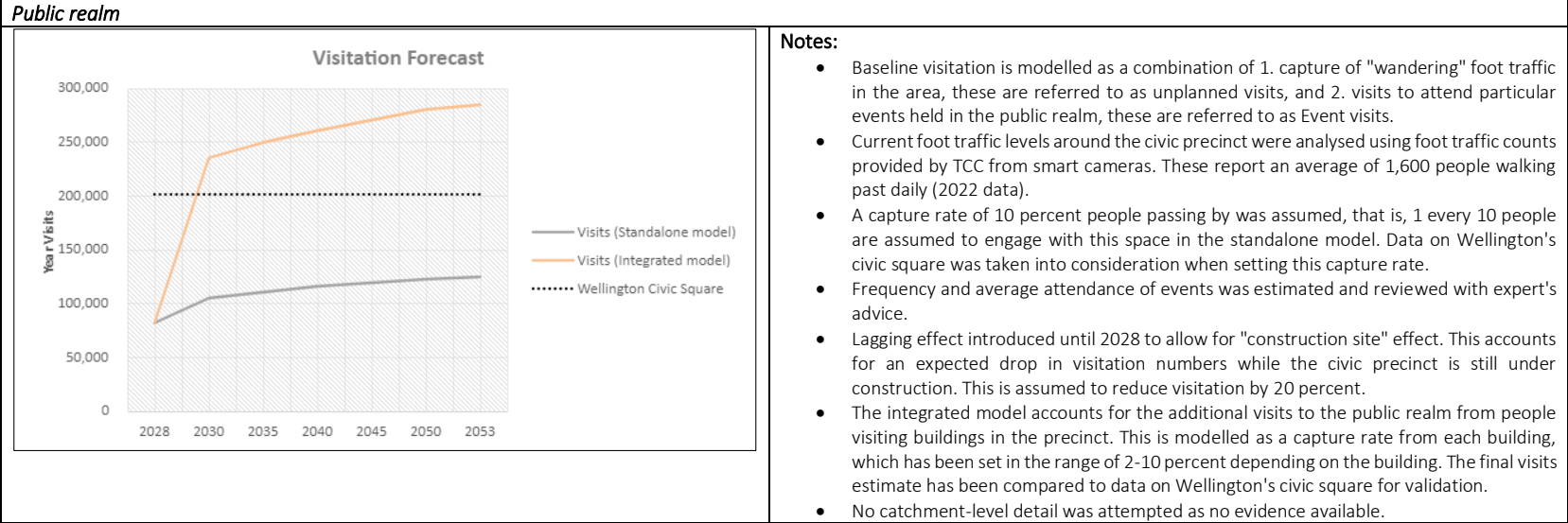












Wharf

Visitation Forecast

| Year | Standalone | Visits (Integrated model) | Wellington Waterfront |
|------|------------|---------------------------|-----------------------|
| 2028 | 100,000 | 100,000 | 500,000 |
| 2030 | 120,000 | 200,000 | 500,000 |
| 2035 | 130,000 | 220,000 | 500,000 |
| 2040 | 140,000 | 230,000 | 500,000 |
| 2045 | 145,000 | 240,000 | 500,000 |
| 2050 | 150,000 | 245,000 | 500,000 |
| 2053 | 150,000 | 250,000 | 500,000 |

Notes:

- Baseline visitation is modelled as a capture of "wandering" foot traffic in the area.
- Current foot traffic levels around the civic precinct were analysed using foot traffic counts provided by Council's smart cameras. These report an average of 1,600 people walking past daily (2022 data).
- A capture rate of 20 percent people passing by was assumed, that is, 1 in 5 people are assumed to engage with this space in the standalone model. Data on Wellington's waterfront was taken into consideration when setting this capture rate.
- Lagging effect introduced until 2028 to allow for "construction site" effect. This accounts for an expected drop in visitation numbers while the civic precinct is still under construction. This is assumed to reduce visitation by 20 percent.
- The integrated model accounts for additional visits to the wharf from people visiting buildings in the precinct. This is modelled as a capture rate from each building, which has been set in the range of 2-10 percent depending on the building. The final visits estimate has been compared to data on Wellington's waterfront for validation (keeping in mind that Wellington's city centre's foot traffic is much higher, hence our forecast sits well below).
- No catchment-level detail was attempted as no evidence available.

What do our communities say?

Engagement with key stakeholders and the community has been significant over the conceptual and design stages of the development of Te Manawataki o Te Papa. The most recent community engagement was through the LTP Amendment community consultation process 2022.

Key findings from LTP Amendment consultation process

Key findings from this consultation included that 72 percent (450 of the 628 submitters) supported Te Manawataki o Te Papa at an estimated capital cost of \$303.4M (subject to achieving 50 percent of the required funding from sources other than rates-funded debt). Key themes from submissions are summarised in Table 29, along with common comments, concerns, and suggestions.

Table 29: Key themes from submissions received on Te Manawataki o Te Papa

| | Key Themes | Comments |
|------------|--|--|
| In Support | Support for city centre rejuvenation | <ul style="list-style-type: none"> Do it once, do it right Willingness to pay Concern about current city centre Upgrades needed for a vibrant city centre Build it and they will come Silent majority support A history of underinvestment. |
| | Support for a museum and art gallery | <ul style="list-style-type: none"> Showcase, preserve and share our history Delivering community wellbeing Alternative museum location options National museum and art gallery facilities. |
| | Feedback on design of Te Manawataki o Te Papa | <ul style="list-style-type: none"> A vibrant city centre A softer, greener, more sustainable design Connection to water A sustainable and resilient city centre |
| | A range of amenities and facilities proposed | <ul style="list-style-type: none"> Specific community facilities and activities Prioritising the movement of people Enabling living in the city |
| | Concerns regarding accountability and process | <ul style="list-style-type: none"> Project accountability and reporting Engagement process shortcomings Affordability for the community |
| Opposed | Concern regarding the financial impact | <ul style="list-style-type: none"> Cost increases beyond budget Fiscal prudence Affordability for the community Impact on ratepayers |
| | Different perspective on prioritisation | <ul style="list-style-type: none"> Core infrastructure a priority Museum not a priority, or not in that location Waterfront rejuvenation a priority |
| | Engagement process not genuine | <ul style="list-style-type: none"> Consultation not sincere or appropriate Further consultation required |
| | Lack of accountability for a significant project | <ul style="list-style-type: none"> Historic non-performance of Council Lack of business case or measure of success Accountability for project delivery Uncertainty of funding |
| | Fundamental flaw in proposal concept | <ul style="list-style-type: none"> Call for significant redesign of look, scale and sustainability Lack of value for ratepayers |

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| | | |
|--|--|---|
| | | <ul style="list-style-type: none"> • City centre less relevant than suburban centres • Question the relevance of Te Manawataki o Te Papa • Impact on city centre during construction • Fundamental transport problems |
|--|--|---|

Overview of informal feedback from LTPA

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 report⁵⁵. At some events attendees had an opportunity to indicate whether they preferred Te Manawataki o Te Papa (option 4), or an option based on the Library and Community Hub (option 2), 94 percent of the 203 people indicated a preference for Option 4⁵⁶. Table 30 outlines some of the common themes raised via informal feedback at events and on social media.

Table 30: Summary of informal feedback received on Te Manawataki o Te Papa

| Themes | Summary of feedback |
|---|--|
| The city centre needs to be revitalised | In general, people agreed the city centre needs to be revitalised. There were many comparisons to European cities, and feedback and ideas for how people would improve the city centre, and what life would be like once it was complete. |
| Get on and do it | Some commented that we have been through this process already with no results. From these people, there was a general suggestion to '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 | Comments were received in relation to previous failed Council projects and scepticism that Council would have the capability to successfully implement a project of this scale. Some were unconvinced 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. |
| Security of funding | Questions were raised about security of funding. People were concerned that funding was not guaranteed and that by looking for investment, we could lose our autonomy. Using funds from the Three Waters Reform Better Off Funding was concerning to some as it was perceived as connecting Council to the reform programme. |
| Staying relevant | Some people cautioned that the concept of a vibrant city centre may be outdated. People are choosing to shop online or visit malls and that perhaps we should be adapting and investing in the suburbs rather than in the central city. |
| Money better spent on other things | Some perceived the proposal as extravagant and thought Council should focus on transport and parking first. 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 opposition to the museum was received on the grounds that a referendum had already been held. Conversely, others were very interested in understanding more about the city's past and sharing those stories with visitors, and with their children and grandchildren. |

⁵⁵ Long-term Plan Amendment Deliberations - Engagement Insights report

⁵⁶ These options were numbered differently in the consultation process.

| | |
|--------------------------------|---|
| 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. |
|--------------------------------|---|

Community feedback leads to Te Manawataki o Te Papa programme changes

At the Council meeting on 24 May 2022, Council approved Te Manawataki o Te Papa Masterplan for inclusion in the LTPA at a capital cost of \$303.4 million. However, Council also made this additional resolution in response to the broad range of feedback and community views expressed through the consultation process:

e) Specific consideration before gateway approval is to be given to the following matters raised by the community through the LTPA 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.*

Since that date, governance groups, established to oversee the programme, have taken on board the feedback received from the community, and considered ways to respond to their views:

- (a) The size, layout and utilisation of each separate community space has been reconsidered and configured to ensure maximum utilisation, and to create vibrant, active, and appealing community facilities.
- (b) On 30 June 2022, the Joint Steering Group Chairs approved the incorporation of a mass timber hybrid construction. The mass timber buildings were to be incorporated into the Library and Community Hub, civic whare, museum and exhibition buildings. The Joint Steering Group Chairs included a proviso that cost reductions be made to accommodate the associated increased cost of construction.

Also, in response to community feedback, all buildings have been enhanced to include premium façade finishings, an increase in natural materials, and general enhancement of design aesthetics and vegetation, including a canopy along the southern edge of Masonic Park.

3.3.4 Indicative wider testing with city centre projects

Having validated **Option 4 – Single Staged Te Manawataki o Te Papa**, wider testing of Te Manawataki o Te Papa with the proposed Site B development and proposed Tauranga Stadium development was undertaken. This was to provide an early indication whether the package of investment in the city centre provides the right fit for our community.

An assessment of four options (Table 31) was undertaken, using the same assessment criteria as the first MCA (refer section 3.3.2). Options were developed using:

- Tauranga Multi-Use Boutique Stadium Preliminary Business Case (18 April 2023) that was prepared for Priority One⁵⁷ and presented to Council on 1 May 2023
- Site B, Durham Street Investment Case (Willis Bond, 17 March 2023). Please note Site B is commercially sensitive information and only limited information is publicly available at this stage. Council is yet to consider how an investment of this nature would proceed and the financial implications of any decision.

Table 31: Four options for wider assessment of city centre development

| Options | Description |
|--|---|
| Option A – Single Staged Te Manawataki o Te Papa (validated option 4) | Te Manawataki o Te Papa as outlined in the masterplan process by Willis Bond. Single stage refers to completion of all buildings Civic Whare, Library and Community Hub, Museum and Exhibition Centre and associated landscaping within the precinct and Masonic Park and the new wharf by 2028. |
| Option B – Single Staged Te Manawataki o Te Papa + Site B | An extension of Option A that includes the developments proposed for Site B on the civic precinct site. Site B consists of a: <ul style="list-style-type: none"> - convention centre capable of hosting large scale conferences and other events - hotel with sufficient volume and quality to meet delegate expectations - modern performance venue that offers new experiences and access to entertainment products not currently available in Tauranga. |
| Option C – Single Staged Te Manawataki o Te Papa + Stadium | An alternative extension to Option A that includes the Tauranga Community Stadium on the Domain. The concept design for the stadium sets out the following elements: <ul style="list-style-type: none"> • A boutique community stadium that provides scalable seating • A light exhibition centre • A function centre • A community multi-sport facility • A University of Waikato sports science/physiotherapy space |
| Option D – Single Staged Te Manawataki o Te Papa + Site B + Stadium | Full extension of Option A that includes the elements proposed for Site B (Option B) and the Tauranga Community Stadium. |

A summary of the MCA process is provided in Figure 31. Note this is an indicative assessment and further detailed investigations on all options will be needed.

⁵⁷ [Agenda of Ordinary Council meeting - Monday, 1 May 2023 \(tauranga.govt.nz\)](#)

Figure 31: Summary of multi-criteria analysis for wider testing in the city centre⁵⁸

| | | Option A – Single Staged TMOTP (validated option 4) | Option B – Single Staged TMOTP + Site B | Option C – Single Staged TMOTP + Stadium | Option D – Single Staged TMOTP + Site B + Stadium |
|--------------------------------|------------------------|--|--|---|--|
| Investment Objectives | Vibrancy & liveability | ● | ● | ● | ● |
| | Economic development | ● | ● | ● | ● |
| | Inclusiveness | ● | ● | ● | ● |
| Total Cost | | \$703M | ● | ● | ● |
| Capital costs | | \$310M | | | |
| NPV operational costs (60 yrs) | | \$393M | | | |
| BCR | | 1.17 | | | |
| Risks | | ● | ● | ● | ● |
| Business needs | | ● | ● | ● | ● |
| Ranking | | 2 | 1 | 4 | 3 |
| Overall | | | Preferred | | |

Early indicative testing of the validated option (Single Staged Te Manawataki o Te Papa) with the proposed Site B development and proposed stadium illustrates that the combination option of Single Staged Te Manawataki o Te Papa and Site B development (Option B) may be the preferred investment package for the city centre. Option B further meets investment objectives and will result in improved benefits.

Further investigation into Site B development is recommended to evaluate more fully the right sized investment for the community. Further assessment of the combined Te Manawataki o Te Papa and proposed stadium is also warranted.

In addition, with \$83.7 million allocated to waterfront projects by Council in the city centre (outside of the business case scope), it is also recommended that wider benefits from waterfront revitalisation combined with Te Manawataki o Te Papa are also explored as this is likely to boost the realisation of a range of social, cultural, and economic benefits.

No decision has been made by Council regarding funding and/or land contributions towards future stages of the project. Any significant future decisions regarding Council contributions towards the proposed Stadium and/or Site B projects could be consulted on via a Long-term Plan process.

⁵⁸ Analysis used a 60-year lifecycle and assessed future benefits and costs in today's terms using a 4% discount rate to align with the previous MCA discussed in section 3.3.2 and the recommendation by GHD.

Commercial Case



4 COMMERCIAL CASE

4.1 INTRODUCTION

This section outlines the procurement arrangements that will deliver best value to our communities for the Te Manawataki o Te Papa project.

As outlined in the Strategic Case, Council has already progressed the Te Manawataki o Te Papa programme of works through to detailed design, meaning that many procurement arrangements are already in place for the implementation of Te Manawataki o Te Papa.

4.2 PARTNERING WITH WILLIS BOND

In 2017-18 Council carried out a comprehensive and competitive procurement process to engage a development partner to undertake and deliver various developments within the Te Manawataki o Te Papa Project. Willis Bond was selected by Council as its preferred development partner for the delivery of the (now called) Te Manawataki o Te Papa. Willis Bond submitted a very strong Request for Proposal (RFP) response that clearly demonstrated the following key attributes:

- Evidence of their experience and ability to deliver long-term development projects for significant sites (working with public and private sector)
- Willingness and ability to act flexibly in terms of the commercial framework
- Innovative design response in the masterplan
- Elements of innovation across their proposal.

Willis Bond and Council entered into a Partnering Agreement in 2018. This agreement covers the period 2018-2030 and sets out the parties' contractual framework for the programming, identification, selection, and activation of individual developments within the project. It is also the document which primarily governs the relationship between the parties in respect of the project and sets out the parties' understanding of the scope and effect of the procurement.

The Partnering Agreement articulates what is expected of Willis Bond in being appointed as the Development Partner:

- Ensure the quality of design, construction, operation and maintenance of each development;
- Apply its experience, capability, resources and financial and commercial capacity;
- Explore and develop, together with Council, options for minimising the costs and risks to Council of each development; and
- Acceptance that Willis Bond has an expectation of a sufficient commercial return on capital to justify the extent of its investment required.

A set of principles are also outlined in the Partnering Agreement:

- Open book⁵⁹
- Willis Bond secures sufficient commercial return
- Buy local
- Quality matches original RFP standards
- Development may be immediate, potential or aspirational.

⁵⁹ Open book enables transparency between the client and the supplier in relation to costs and assumptions.

The Partnering Agreement is a flexible framework. Rather than prescribing the specific commercial terms and legal structure for each individual development within the project, under the agreement the parties have a broad licence to determine their preferred commercial terms and legal structure for each development, provided they follow the processes set out in the Partnering Agreement.

It should be noted that the original scope of the Partnering Agreement is wider than the scope of this business case and that the parameters outlined in 2018 have changed overtime. The Partnering Agreement categorises development projects into three groups:

| | |
|---------------------------|---|
| Immediate requirements | <ul style="list-style-type: none"> • Library • Hotel on Durham Street • Civic administration building (originally sited in the civic campus) • Assist in the development of civic campus public space |
| Potential developments | <ul style="list-style-type: none"> • Museum (potentially on Cliff Road – now in the civic precinct) • Performance venue on Durham Street |
| Aspirational developments | <ul style="list-style-type: none"> • New town wharf on Tauranga waterfront • Other development opportunities |

Although some time has passed since the Partnering Agreement was signed, and the above development projects have changed, Willis Bond remains Council's Development Partner for sites A and B (refer Figure 32). On 30 June 2022, the Joint Steering Group Chairs also agreed (and approved) that it would be more practical and efficient to develop the waterfront (Site C) as a combined waterfront development, outside of the Willis Bond Partnership Agreement. The effect of this decision is that Site A and Site C will be progressed concurrently, but separately, with slightly different timeframes. Site B may be developed at a later date. For clarity, the wharf is still considered within scope of this business case.

Figure 32: Map showing Site A, Site B and Site C



Site A, B and C definition (Image from Tauranga Civic Masterplan (Refreshed 2021) 6 December 2021)

4.3 CONTRACTUAL FRAMEWORK

Following Council's adoption of an Enhanced Concept Design Cost Report in July 2022, as part of the Long Term Plan Amendment, Council contracted with Willis Bond (and other consultants procured by

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TE MANAWATAKI O TE PAPA BUSINESS CASE July 2023

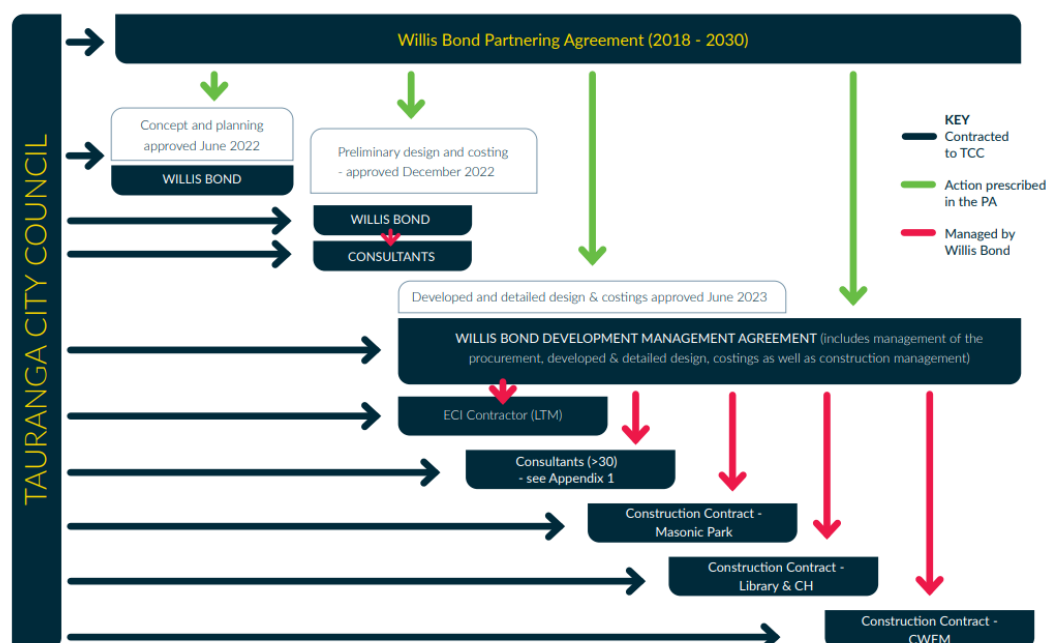
Commercial Case

Willis Bond on Council's behalf) to deliver preliminary designs and revised costings for Te Manawataki o Te Papa.

Subsequent to approval of the Preliminary Design Cost Report in December 2022, Council was authorised to enter into contracts for the developed and detailed design phase with Willis Bond and other consultants. These designs are anticipated to be completed by 30 June 2023. Once approved, Willis Bond will manage the construction and delivery of Te Manawataki o Te Papa through to completion and handover. Figure 33 provides an overview of the contractual framework.

Figure 33: An overview of contractual arrangements for Te Manawataki o Te Papa

Te Manawataki o Te Papa Contract Overview



4.4 DEVELOPMENT MANAGEMENT AGREEMENT WITH WILLIS BOND

Aligned with the Partnering Agreement, Council is currently negotiating a Development Management Agreement with Willis Bond that will appoint them to a service delivery role as Development Manager. The Development Management Agreement covers Willis Bond's roles as Development Manager in relation to procurement, oversight and management of consultants carrying out the developed and detailed design and revised costings; and construction management once each work package/construction contract is approved and finalised.

4.4.1 Market engagement approach to procure specialist consultants

The Development Management Agreement will utilise Willis Bond's experience and knowledge in the development and construction industries to advise and recommend to Council the acquisition of specialist consultants and contractors to support the development of projects. This approach addresses the issue of needing to engage with a large number of consultations (over thirty) that will undertake various specialist tasks and provide professional advice on a diverse range of aspects to the project.

Willis Bond's role is to provide expert knowledge in the development and construction industries, and to seek out from these industries those firms and individuals it has the most confidence in to deliver the design element in the required timeframe.

In accordance with the Development Management Agreement, Willis Bond will procure and recommend to Council the specialist consultants to support Te Manawataki o Te Papa. The key object of the procurement is to bring competent and experienced consultants into the design phase of the development, and to achieve the best value for our community.

4.4.2 The process for market engagement

The process for market engagement is outlined in Figure 34: Market engagement will largely be determined and undertaken by Willis Bond, who will utilise a mixture of the following:

- a) Consultants named in the Partnership Agreement entered into between Willis Bond and Tauranga City Council as a result of a competitive tender process
- b) Consultants who are named in the All of Government Consultancy Panel
- c) Direct appointments where appropriate for smaller scopes of services and/or specialist fields of expertise.

Benchmarking, reviewing and rating of consultants' proposals will be undertaken by Willis Bond through a number of mechanisms, including:

- a) their knowledge of acceptable levels of pricing within the commercial development area
- b) comparison against the All of Government Panel rates where relevant
- c) comparison against other consultant proposals where closed competition is used.

Willis Bond will then provide a recommendation of award to Council. The recommendation will outline and summarise the approach to market adopted, the responses received, the selection and evaluation method, and a summary of negotiations with relevant suppliers. Council will then review the recommendation which will be approved prior to entering a contract directly with the selected supplier.

Figure 34: Process for market engagement



4.4.4 Achieving best value for our community

Both Willis Bond and Council will consider how to achieve the best value to the community and ensure a good balance between the cost and quality of the project by:

- Increased competition by looking nationwide for consultants and suppliers, bigger pool to choose from, more likely to have more skilled, experienced and quality consultants and suppliers
- Encouraging suppliers from local market – potential cost saving due to proximity and is more sustainable
- Placing emphasis on innovation and collaboration to create unique design for the city .

As Figure 34 illustrates, suppliers recommended by Willis Bond are a key part of the procured solution for the project, however, Council is not required to enter into a binding commitment relating to the engagement of the suppliers at any cost. This helps to ensure that Council achieves public value in the engagement of the suppliers.

As a consequence of Willis Bond's appointment as the preferred development partner under the Partnering Agreement, LT McGuinness is to be appointed as the preferred main contractor for the Project. To achieve best value for the community through this arrangement, Council will enter into a preconstruction services agreement with LT McGuinness. The preconstruction services agreement sets out that all pricing of contract work will be done through an open book process. This will ensure a robust auditable procurement process has been followed by Council and LT McGuinness, whilst achieving the objective of realising a value for money outcome for the Project.

4.5 PROCUREMENT RISKS

A number of procurement risks have been identified that are being addressed by Willis Bond through the variety of the procurement methods being used to engage various consultants and contractors. Two additional risks to Council are:

- Willis Bond's appointment to the development manager role – An outside party (particularly from the development sector) could potentially take issue that this is inconsistent with the scope of the original procurement.
- Potential for defective or deficient design and the need for professional indemnity insurance and liability arrangements.

Willis Bond's appointment to the role of development manager is consistent with the partnering agreement. It is one of a number of commercial and legal structures that can reasonably be considered as within the framework provided by the partnering agreement. Flexibility and optionality on the precise commercial terms and legal structure of individual projects are key features of the original procurement as reflected in the agreed contractual framework.

Council engaged early with key consultants, and the insurance industry, in relation to the professional indemnity insurance and liability arrangements for the developed and detailed design phase. Council has considered the levels of insurance and liability being proposed by the key consultants and, considering the nature, size, cost and complexity of the buildings, are exploring opportunities to increase the level of insurance cover available to Council in the event of defective and/or deficient design.

Each project that makes up the Te Manawataki o Te Papa project suite will have its own individual Project Risk Register developed.

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Financial Case



5 FINANCIAL CASE

5.1 PURPOSE

The purpose of the Finance Case is to:

- Summarise both the latest capital investment programme and the forecast annual operating revenue and costs of Te Manawataki (Te Manawataki o Te Papa) and to specify the assumptions which have been made to derive these forecasts.
- Present the funding pathway for the forecast capital investment with reference to the Financial Strategy Report - which provides the options to fund some of the capital investment from council's assets – but also from development contributions, external funding from grants, philanthropic sources, trusts and corporates, central government funding in addition to council's rate funded loans which have been resolved to be capped at \$151.5 million.
- Present the funding pathway for the forecast operational cost to fund Te Manawataki o Te Papa each year in the lead up to the full operation of the area and the subsequent years when the full range of planned activities are operating for the community and visitors.
- Assess the affordability of the annual cost to fund Te Manawataki o Te Papa and the extent of the forecast rate funding required each year.

5.2 FINANCIAL SUMMARY

Te Manawataki o Te Papa can be funded and financed not necessarily from existing but new resources. It will be challenging, and significant external funding is essential, but the Finance Case provides enough evidence for the licence to proceed to be supported for Te Manawataki o Te Papa.

There are a number of risks which have been reviewed and managed as the work to develop the Te Manawataki o Te Papa project is progressing.

External funding must be sourced to ensure both the capital investment and ongoing net operational cost are fully funded. There is a fundamental issue, from a fairness and equity perspective, to decide how much of this funding should sit with the ratepayers of Tauranga and how much should reside with other beneficiaries of Te Manawataki o Te Papa.

Council has resolved to fund \$151.5 million of the capital investment and will likely fund close to 100 percent of the ongoing net cost of Te Manawataki o Te Papa each year.

5.2.1 Overview of Approach

The forecast capital investment and the annual operating costs for Te Manawataki o Te Papa have been derived using a financial model based on costs provided by Willis Bond for the forecast capital costs and council activity managers for the forecast operating revenue and costs.

The scope of the financial forecasting includes the physical area of Te Manawataki o Te Papa referred to as Site A – including the proposed Community Hub, Museum and Exhibition Centre, Whare, the upgrade of Baycourt Community and Arts Centre, the surrounding streetscapes, the Masonic Park and across the Strand to the Waterfront Plaza and Wharf.

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These forecast costs are incremental to the costs of providing the existing levels of service by council for the library services, Baycourt, museum (collection and education) and customer services in a central business district location.

The numbers in the Finance Case have been inflated to reflect the impact of inflation.

5.2.2 Modelled option

The financial forecast is modelled on a single-phase staged construction, as set out in the LTPA.

The Business Case process has considered three scenarios to derive financial forecasts for Te Manawataki o Te Papa but one has been supported by activity managers, council executive staff and Commissioners as best able to deliver the outcomes sought in the LTPA.

The scenario presented in the Finance Case reflects the expanded levels of service to promote city activation across the Te Manawataki o Te Papa consistent with the levels of service described in the Business Case. Refer to section 3.3.3 and Appendix 6 for a description of the planned provision of services and Appendix 7 for further detail on the planned levels of service.

The financial modelling is designed to show the extent of the capital investment and the forecast revenue and costs when Te Manawataki o Te Papa is fully functioning and capable of providing the wider economic benefits of the investment, as described in the Economic Case. Te Manawataki o Te Papa is expected to be physically built in early 2027, with a first full year of operation in financial year 2028.

5.2.3 Capital Expenditure

The capital investment for Te Manawataki o Te Papa is forecast to total \$309.8 million which is in line with the forecast in the LTPA of \$303.4 million. The two percent increase in cost is largely due to the cost of the main buildings. The inflation adjusted cost of each project is presented in Table 31.

Willis Bond is scheduled to present the detailed designs and updated numbers in July but Table 31 reflects the current programme and designs presented in December 2022.

Table 31: Summary of Capital Expenditure Investment

| \$000s | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 | Total | % of Total | LTPA |
|--|--------------|---------------|---------------|---------------|---------------|----------------|-------------|----------------|
| Library and Community Hub | 3,955 | 33,217 | 45,091 | 10,112 | - | 92,375 | 30% | 88,200 |
| Museum and Exhibition Centre | 2,681 | 9,873 | 20,133 | 46,514 | 31,909 | 111,111 | 36% | 104,200 |
| Civic Whare | 636 | 1,320 | 2,644 | 4,785 | 5,957 | 15,342 | 5% | 15,400 |
| Open Spaces (Civic Plaza/Masonic Park) | 353 | 11,703 | 3,239 | 3,541 | 9,535 | 28,371 | 9% | 26,600 |
| Willow, Hamilton, Wharf & Durham | - | - | 1,078 | 2,934 | 7,676 | 11,688 | 4% | 18,100 |
| Baycourt | 109 | 1,570 | 3,088 | 3,564 | 2,830 | 11,160 | 4% | 11,000 |
| Site A : Establishment | 1,058 | 5,758 | 170 | - | - | 6,986 | 2% | 7,000 |
| Strand Waterfront Reserve | 768 | 5,022 | 1,319 | - | - | 7,109 | 2% | 7,500 |
| Central Plaza Wharf | - | 941 | 5,523 | 3,525 | - | 9,989 | 3% | 25,400 |
| Waterfront Central Plaza | 20 | 2,104 | 8,285 | 5,288 | - | 15,697 | 5% | - |
| Total | 9,580 | 71,508 | 90,569 | 80,262 | 57,907 | 309,826 | 100% | 303,400 |

5.3 FUNDING OF CAPITAL EXPENDITURE

5.3.1 Proposed Funding Pathway

There are a number of funding pathways which could be considered for Te Manawataki o Te Papa and these will each have their own funding risks and uncertainties. The pathways can be adaptive as Te Manawataki o Te Papa progresses to completion and there is a certain amount of flexibility which can be accommodated to ensure the project's cash flow demands are able to be met and risks can be managed.

The proposed funding mix for the capital investment of Te Manawataki o Te Papa is summarised in Table 32.

Table 32: Forecast Capital Investment Funding

| \$000s | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 | Total | \$ of Total |
|--|--------|--------|--------|--------|--------|---------|-------------|
| Development Contributions | 494 | 4,152 | 5,636 | 1,264 | 0 | 11,547 | 4% |
| Grant Funding - Better Off | 3,316 | 8,309 | 486 | | | 12,111 | 4% |
| Grant Funding - Other Central Govt | | | 2,360 | 21,137 | 5,844 | 29,341 | 9% |
| Grant Funding - Corporate Partnerships | | | | 1,304 | 1,931 | 3,235 | 1% |
| Grant Funding - Founding Funder | | | 16,735 | 10,269 | | 27,004 | 9% |
| Grant Funding - Philanthropy | | | 491 | 1,619 | 3,815 | 5,925 | 2% |
| Grant Funding - Trusts | | | | 1,476 | 2,662 | 4,138 | 1% |
| Financial Strategy options | 0 | 0 | 0 | 21,370 | 43,655 | 65,025 | 21% |
| Council rate funded loans | 5,768 | 59,047 | 64,861 | 21,823 | | 151,500 | 49% |
| Total Proposed Funding | 9,579 | 71,508 | 90,569 | 80,262 | 57,907 | 309,826 | 100% |

Council Contributions to the Capital Investment

Council has resolved that \$151.5 million of the total capital investment of Te Manawataki o Te Papa will be funded by a rate funded loan.

The cost of borrowing has assumed loan interest of 5.25 percent with the debt retired over 30 years partially from the depreciation reserve and partially with a separate debt retirement charge. The rates funded debt retirement charge is planned because council will be near its borrowing capacity so will need to pay down debt faster than would be allowed through standard debt retirement policy.

Option of an IFF Levy

Alternative off-balance-sheet funding through the Infrastructure Funding and Financing Act (IFF) with a levy charged to most ratepayers is being investigated. Funding through IFF would remove the debt from Council's balance sheet and require the identified beneficiary community (most ratepayers) to pay a separate levy.

Whilst the cost of borrowing outside the normal Council borrowing avenues, largely the Local Government Funding Agency, will most likely be at a higher rate, this option could result in a lower annual cost per ratepayer than a targeted rate to cover TCC financed debt. This is because IFF would finance this share of the capital without TCC affecting its borrowing capacity and therefore having to retire debt to provide debt capacity. It also spreads repayment over a longer timeframe (30 years) so a fairer share of the funding costs is deferred to later communities which will also benefit from the facility.

Development Contributions

Council is planning to include a city-wide development contribution in its development contribution policy to ensure future residents contribute their fair share to the capital investment. It is forecast this will provide funding of \$11.5 million.

External Contributions to the Capital Investment

Following the council contributions to the capital investment, there remains \$146 million which is required to fund the total capital investment of \$309.8 million.

External grants are the preferred primary source and the following external grants and subsidies have been identified as potential contributors. These are expected to contribute \$80m to \$100 million:

- Three Waters Better Off funding- first tranche
- Central Government Grants from Lottery Community Facilities Fund and Regional Culture and Heritage Fund
- Local community grants, including TECT and other local entities
- Sub-regional funding opportunities
- Gaming Trusts
- Corporate sponsorship
- Individual gifting/donor programme
- Other external grants and subsidies.

Other Contributions to Capital Investment

The Financial Strategy report to be presented to council on 24 July will provide further options for the Funding Pathway. These will only be utilised when and to the extent the previous two funding sources are insufficient to fully fund the capital investment of Te Manawataki o Te Papa.

The report will canvass a number of options constructed from either council recycling or making better use of its assets, for example, by

- Selling assets where appropriate
- Raising non-ratepayer funded loans, with the interest and debt retirement paid from relevant activity surpluses, e.g. Airport
- Entering long term licences, naming rights or sponsorships.

It should be noted that the priority for the funding, over the life of the project, remains with external funding mechanisms and the options in the financial strategy report are complimentary to these external funding options which will continue to be explored.

5.4 OPERATING REVENUE AND EXPENDITURE

The presented scenario is envisaging the Te Manawataki o Te Papa buildings being open for business for up to 65 hours a week on average over the course of a year. There is less constriction on the available hours for the outdoor spaces and a range of events and offerings are envisaged to cater for a wide range of interests for both the community and for visitors to Tauranga.

Specifically, for the Te Manawataki o Te Papa buildings, the following assumptions are described below:

Museum & Exhibition Centre:

- Likely business hours 9am – 5pm during winter and 9am – 6pm during summer
- Extra hours as needed for specific events and exhibitions
- Late nights targeted probably for later days in the week and weekends
- Key contributor to programmed events

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Community Hub:

- Consistent hours of opening are important to customers
- 9am – 5pm weekdays and 9.30am to 4pm during the weekends works well and consistent with the other libraries in the network
- Possibly 2 maybe 3 nights a week open late until 7pm
- Contributor to programmed events but opening will be carefully managed

Cafes (in Museum and Community Hub):

- Potential for day-time cafes and restaurant style for the evenings
- Contributor to programmed events

Civic Whare:

- Opportunity to use for council meetings and significant public events
- Could link to Museum activities
- Ideal for up to 100 people targeted events

Outdoor events and integration with the buildings:

- Programmed events to make this work well across Te Manawataki o Te Papa, including the Waterfront
- Trusted events for regular visitation- artists invited to town and food concessions
- Communication and marketing of What's On at Te Manawataki o Te Papa
- Specific Festivals in Dec-Feb perhaps like the Festival of Lights at New Plymouth

5.4.1 Operating Revenue

Operating revenue, including user fees, comes from a variety of sources and is expected to fund 7 percent of Te Manawataki o Te Papa operational costs as shown in Table 33. The assumptions used for attendance, utilisation and pricing are conservative and may not reflect the latent demand in the city and wider afield.

Table 33: Summary of Forecast Revenue

| Revenue (\$) | FY 2026 | FY 2027 | FY 2028 | FY2029 | FY2030 |
|--|---------------|----------------|------------------|------------------|------------------|
| Library and Community Hub | 69,024 | 141,778 | 145,184 | 148,369 | 151,346 |
| Museum and Exhibition Centre | - | 593,468 | 1,458,540 | 1,490,538 | 1,520,446 |
| Civic Whare | - | 68,163 | 167,520 | 171,195 | 174,630 |
| Open Spaces (Civic Plaza/Masonic Park) | - | 112,500 | 270,000 | 275,923 | 281,460 |
| Central Plaza Wharf | - | 25,000 | 25,548 | 26,061 | 26,584 |
| Total | 69,024 | 940,909 | 2,066,792 | 2,112,086 | 2,154,465 |

Revenue projections are based on discussions with council staff who will be the activity managers responsible for these areas and have been aligned to the demand analysis in the Economic Case. The revenue projections have been taken to financial year 2030 at which point they should become stable at this level.

A pricing strategy has been developed for the Museum and Exhibition Centre which features a \$20 admission fee for international visitors (20,000 people per annum), domestic (20,000 people per annum) and tour groups (10,000 people per annum) and is free to Tauranga residents and ratepayers (for permanent displays only). It is the intention that an underlying principle will be to look for opportunities to maximise user fees through differential pricing across the Te Manawataki o Te Papa facilities and not just the Museum and Exhibition Centre.

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Other revenue forecasts have been developed in conjunction with activity managers to include user fees, venue hire, café and retail sales.

The significant public good value offerings of outdoor activities are difficult to quantify. These range from outdoor concerts, events and exhibitions and other product and experience offerings. The outdoor public spaces could generate revenue stream of \$300,000 per annum but for the purposes of this exercise, the assumption has been made that these events will at best breakeven.

There are likely to be benefits of a whole of Te Manawataki o Te Papa strategy and integrating with other venues such as the Cargo Shed, historically significant sites and the Historic Village and the proposed Site B development. These benefits have not been quantified in the financial forecasts.

5.4.2 Operational Expenditure

There are five constituent parts to the operational costs of Te Manawataki o Te Papa:

- Direct operating costs of each activity
- Shared service costs
- Corporate costs
- Depreciation
- Interest.

The costs identified in Table 34 are the incremental costs to council of Te Manawataki o Te Papa, presented by each physical project over and above existing level of service provided by council, with the exception of corporate costs. The methodology to charge these costs across all council's activities is currently being reviewed and this interim allocation is likely to be superseded with a lower amount likely to be applied to Te Manawataki o Te Papa.

Table 34: Summary of Forecast Operational Expenditure

| \$000s | 2024 Annual plan | 2025 | FY2026 | FY2027 | FY2028 | FY2029 | FY2030 |
|--|------------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Library and Community Hub | 2,298 | 3,945 | 9,598 | 9,792 | 9,861 | 9,926 | 9,986 |
| Museum and Exhibition Centre | 326 | 1,473 | 3,607 | 5,441 | 8,190 | 8,275 | 8,355 |
| Civic Whare | 72 | 410 | 952 | 1,561 | 2,154 | 2,164 | 2,174 |
| Open Spaces (Civic Plaza/Masonic Park) | 3 | 286 | 558 | 790 | 1,443 | 1,458 | 1,471 |
| Willow, Hamilton, Wharf & Durham | 47 | 169 | 339 | 595 | 1,045 | 1,056 | 1,064 |
| Baycourt | - | 28 | 123 | 189 | 745 | 746 | 747 |
| Site A : Establishment | 207 | 362 | 493 | 493 | 493 | 493 | 493 |
| Strand Waterfront Reserve | 172 | 535 | 570 | 571 | 572 | 573 | 574 |
| Central Plaza Wharf | 25 | 194 | 439 | 656 | 657 | 658 | 658 |
| Waterfront Central Plaza | 56 | 329 | 623 | 840 | 840 | 841 | 841 |
| Project Office | 609 | 609 | 609 | 609 | - | - | - |
| Total | 3,815 | 8,341 | 17,911 | 21,538 | 26,002 | 26,190 | 26,363 |

Table 35: Forecast cost analysis for each cost type

| \$000s | 2024 Annual plan | 2025 | FY2026 | FY2027 | FY2028 | FY2029 | FY2030 |
|-----------------|------------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Revenue | - | - | (69) | (941) | (2,067) | (2,112) | (2,154) |
| Direct Costs | 1,170 | 1,964 | 4,980 | 7,533 | 7,862 | 8,034 | 8,193 |
| Shared Services | - | - | 399 | 798 | 838 | 856 | 873 |
| Depreciation | 500 | 781 | 3,975 | 4,311 | 9,449 | 9,449 | 9,449 |
| Interest | 1,853 | 5,105 | 7,381 | 7,954 | 7,954 | 7,954 | 7,954 |
| Allocated Costs | 292 | 491 | 1,245 | 1,883 | 1,966 | 2,009 | 2,048 |
| Total | 3,815 | 8,341 | 17,911 | 21,538 | 26,002 | 26,190 | 26,363 |

Forecast direct costs have been derived from work completed as part of the LTPA process, updates provided by project staff and consultants, activity managers and the Finance team.

The concept of clustering several services, required by each of the Te Manawataki o Te Papa activities, to be shared and provided by a centrally resourced group has been included in the financial forecasts. The services which are envisaged range for business development and programming, event facilitation, building and security operation, event co-ordination and management to event delivery. The use and efficiency of the planned shared services delivery model is designed to maintain the levels of service with specialist and dedicated resources. Fifty percent are assumed to already reside in existing budgets up to \$750,000.

It has been assumed the Project Office will be closed when the physical work is completed for Te Manawataki o Te Papa Site A but may be retained for Site B, as a cost to that project.

The relocation costs for the library and customer services activities to move into the Community Hub are not included in these Tables and will be funded from existing council budgets.

The fit-out costs included in the capital cost of Te Manawataki are being reviewed, particularly for the Museum and Exhibition Centre. Any changes in costs will be managed within the constraints of the current budget or considered through the established approval processes and gateways for this project.

The allocation for corporate costs, interest and depreciation constitutes around 65 percent of the total net operational cost Te Manawataki o Te Papa, which is a product of the considerable capital cost of the Te Manawataki buildings and improvements.

The provision is assumed to be 25 percent of the direct operational cost of each activity. It reflects the costs associated with operating the facility in terms of staff health and safety, financial oversight and management and digital services. This provision will be superseded by a methodology which calculates more accurately the cost of Te Manawataki o Te Papa to the whole of council operation.

Interest and depreciation numbers are closely aligned to the current capital budgets and timeframes for construction. The depreciation charge is reflective of the current designs and component parts of the buildings. The interest costs are determined by the Funding Pathway for the capital investment. The ratepayer funded loan interest is based on the council resolution that the ratepayer funded loan is capped at \$151.5 million.

In terms of timeframes, the financial forecasts are based on the Community Hub opening in November 2025, the Museum and Exhibition Centre, Whare and surrounds opening in early 2027 and the upgrade of the Baycourt and Community Centre being completed by December 2025. Te Manawataki o Te Papa will therefore be fully operational in financial year 2028.

Changes in Forecasts of Revenue and Costs Consulted on in LTPA

The forecast costs presented in the LTPA in June 2022 have increased as the Te Manawataki o Te Papa design has developed, planned service delivery and levels of service have been formulated and these changes and decisions have been included in the updates of the forecast revenue and costs.

The variances between the LTPA presented numbers and the updated forecast for financial year 2028, when Te Manawataki o Te Papa will be fully operational, are summarised in Table 36. The table also presents the summary forecasts for financial year 2030.

Table 36: Comparison with LTPA

| \$000s | LTPA FY2030/31 | Current Scenario FY2028 | Variance | Current Scenario FY2030 |
|---|---------------------------|--|-----------------|--|
| Revenue | (1,715) | (2,067) | 352 | (2,154) |
| Direct Costs | 6,110 | 7,862 | (1,752) | 8,193 |
| Shared Services | - | 838 | (838) | 873 |
| Depreciation | 9,418 | 9,449 | (31) | 9,449 |
| Interest (excludes interest on depreciation reserves) | 6,451 | 7,954 | (1,503) | 7,954 |
| Allocated Costs | - | 1,966 | (1,966) | 2,048 |
| Total | 20,264 | 26,002 | (5,738) | 26,363 |

The net cost to fund Te Manawataki o Te Papa is forecast to be \$26 million per annum when it is fully functioning with all the facilities and level of services in operation for the community and visitors. The comparative number presented in the LTPA – with Te Manawataki o Te Papa fully functioning – was \$20 million per annum.

The revenue forecast is better with improved revenue from the Museum and Exhibition Centre. Direct costs reflect the assumption that the buildings (apart from the Whare) will be open for business for up to 65 hours a week and that the surrounding outdoor areas in Te Manawataki o Te Papa and the Waterfront will be activated for longer periods. The LTPA assumed normal business hours.

The financial forecasting also includes the shared service concept and provides for a corporate cost and allocation which were not included in the LTPA forecasts.

The increase in interest cost reflects an increase in borrowing cost assumptions. The LTPA utilised interest rate forecasts of 3-3.5 percent. Council's current average internal cost of capital is now forecast at 5.25 percent.

The financial impact for ratepayers from the impact of these changes is outlined in the affordability assessment.

5.4.3 Funding Pathway for Operational Costs not funded by Revenue

The financial forecasts provide a net cost to fund Te Manawataki o Te Papa each year of operation. These are summarised in Tables 35 and 36 and are the outcome of deducting the operating revenue from the total operating costs.

The current proposal is for council to fund this net cost from general rates and a targeted rate across the city. The targeting of rates would likely align with the beneficiary analysis in the Economic Case but would be designed to ensure those people and businesses which benefit the most from Te Manawataki o Te Papa contribute appropriately.

The Funding Pathway for Operating Costs will need to consider the fairness and equity of the rating methodology, for example whether a city centre targeted rate could reasonably be justified and applied to this area of the city as a contribution to the net cost.

Council's revenue and financing policy Council will need to reflect any decision to target rate a smaller geographic area or identified category of ratepayer who benefit more from the Te Manawataki o Te Papa investment.

5.5 AFFORDABILITY ASSESSMENT

The Long-term Plan Amendment to the 2021-31 Long-term Plan was consulted on during April 2022 which incorporated the proposed expenditure to build a single-phase staged Civic Precinct. The full development option was supported by council, following the community consultation, which provided for the capital investment of \$303.4 million for Te Manawataki o Te Papa, half of which was proposed to be ratepayer funded loans, \$151.5 million. The other half was proposed to be funded from external funding and other non-rates funded sources.

5.5.1 Affordability to ratepayers

The forecast cost to fund Te Manawataki o Te Papa each year and the additional operational cost was presented in the LTPA as \$19.5 million (net of interest on depreciation reserves). The financial impact of Te Manawataki o Te Papa was forecast for the average residential ratepayer in 2030 to be \$265 (including GST) for the year. The financial impact for the average commercial ratepayer for the year was forecast at \$705 (including GST) in 2030. The revised forecast net cost to fund each year will add a further forecast funding requirement of \$308 (including GST) on average for each residential ratepayer each year. Whether these total forecast increases of at least \$308 per annum on average for residential ratepayers and \$1,075 per annum (including GST) on average for commercial ratepayers are affordable will likely depend on other ratepayer funding needs over the next four to five years before Te Manawataki o Te Papa becomes fully functional in financial year 2028. The commitment is of course needed now. This will be assessed and tested as part of the LTP process, but it is recognised Te Manawataki o Te Papa is a significant investment for the city and has ongoing funding needs to provide the city, the region and wider afield the benefits presented in the Economic Case.

5.5.2 Affordability to Council

The extent of the total funding is presented in Table 37 which presents both the capital investment and the associated net cost of the Te Manawataki o Te Papa operation and illustrates how each is planned to be fully funded.

Table 37: Investment and Funding

| \$000s | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 | FY2027 | FY2028 | FY2029 | Total |
|---------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Capital Investment | 9,580 | 71,508 | 90,569 | 80,262 | 57,907 | - | - | - | 309,826 |
| Operating - Net Cost to Fund | 0 | 3,815 | 8,341 | 17,911 | 21,538 | 26,002 | 26,190 | 26,363 | 130,160 |
| Total | 9,580 | 75,323 | 98,911 | 98,173 | 79,445 | 26,002 | 26,190 | 26,363 | 439,986 |
| Funded by: | | | | | | | | | |
| Extra Revenue (Rates, IFF Levy) | 0 | 3,815 | 8,341 | 17,911 | 21,538 | 26,002 | 26,190 | 26,363 | 130,160 |
| Extra Capital | 9,580 | 71,508 | 90,569 | 80,262 | 57,907 | - | - | - | 309,826 |
| Total | 9,580 | 75,323 | 98,911 | 98,173 | 79,445 | 26,002 | 26,190 | 26,363 | 439,986 |

Over the 8 years from the start of the design and construction of Te Manawataki o Te Papa to the point that Te Manawataki o Te Papa has been operating for 3 full financial years, a total of \$440 million will have been invested.

The project will require council to commit a forecast \$346.5 million of the city's public funding and assets by 2030. This consists of \$151.5 million of rate funded loans, \$65 million of other council funding from the options presented in the Financial Strategy paper and \$130 million to fund the operational costs to the 2029 financial year.

Management Case



6 MANAGEMENT CASE

6.1 PURPOSE

The purpose of the management case is to demonstrate that robust arrangements are in place for the delivery, monitoring and evaluation of Te Manawataki o Te Papa.

The management case sets out the processes that will be implemented to enable the successful delivery of Te Manawataki o Te Papa. It includes assessments of the following elements:

- Governance arrangements
- Project delivery capability and skills
- Programme schedule
- Stakeholder management
- Benefits management
- Risk management.

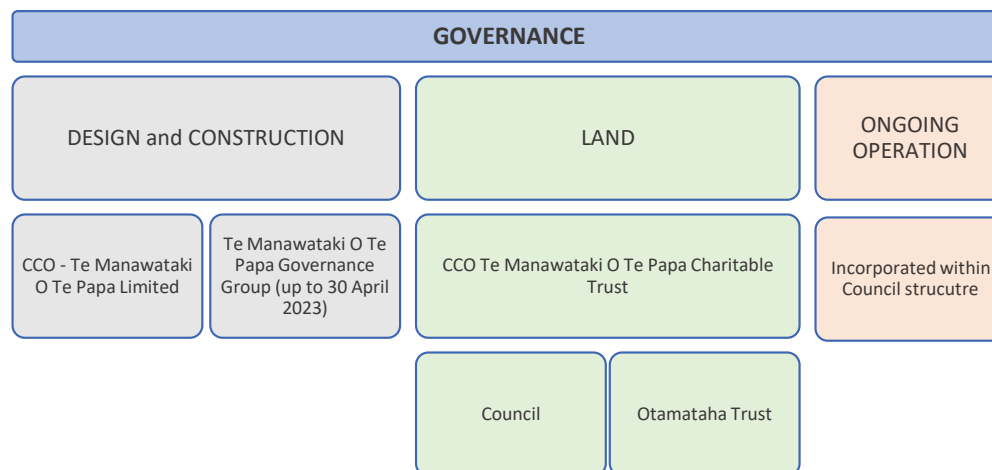
6.2 GOVERNANCE ARRANGEMENTS

Effective governance structures provide the checks and balances needed to keep projects on track and running to plan.

For this project, the subject of governance is discussed below in three categories, as summarised in Figure 35:

- Design and construction of Te Manawataki o Te Papa through a council-controlled organisation (CCO) - Te Manawataki O Te Papa Limited
- Land governance arrangements- CCO Te Manawataki o Te Papa Charitable Trust.
- Ongoing operation of Te Manawataki o Te Papa (governance structure is yet to be decided).

Figure 35: Current and ongoing governance arrangements for Te Manawataki o Te Papa



6.2.1 Design and construction: CCO Te Manawataki o Te Papa Limited

Following the adoption in June 2022 of the Long-term Plan Amendment that approved the inclusion of Te Manawataki o Te Papa civic development projects, consideration was given to the optimum governance and operational model to ensure delivery of those projects. A consultant supported by senior council staff assessed various governance and operations options, including status quo, and resulted in the recommendation that a CCO be established to govern and lead delivery of the civic development projects (refer to Pederson report)⁶⁰.

Following a period of community consultation, on 12 December 2022, Council adopted the proposal to create a new council-controlled organisation (CCO) to deliver Te Manawataki o Te Papa. The CCO – *Te Manawataki o Te Papa Limited* is specifically dedicated to drive project implementation and to ensure that delivery is exemplary and maximises the benefits for Tauranga residents and visitors.

The establishment and operation of a CCO is subject to a number of provisions in the Local Government Act (2002). These provisions primarily relate to the governance of the CCO and its accountability back to Council, and ultimately to the community. Key among the provisions in the Act are that:

- (c) Directors of the CCO need to be appointed in accordance with council's [Appointment of Directors to Council Organisations Policy](#).
- (d) Council may prepare a 'statement of expectations' outlining its expectations of the CCO.
- (e) The CCO must prepare and adopt an annual statement of intent (following Council input).
- (f) The CCO must prepare, and provide to Council, six-monthly and annual reports on its operations.

Te Manawataki o Te Papa Limited has a chair and two directors. The Directors appointed by Council are required to follow the provisions of the New Zealand Institute of Directors' Code of Ethics and of Council's Code of Conduct for Directors Appointed by Council to Council Organisations.

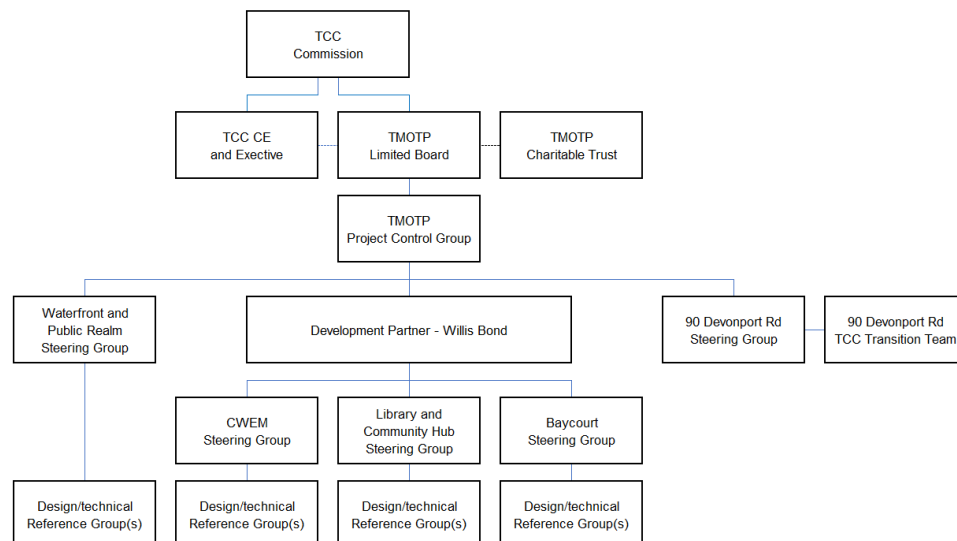
Figure 36 outlines the reporting structure between the Commission, Te Manawataki Board and the various steering groups and design/technical reference groups. A description of the different groups is also provided. It should be noted that '90 Devonport Road' falls outside the scope of the business case.

Te Manawataki o Te Papa Charitable Trust

In October 2022, Council approved establishing a new council-controlled organisation (CCO) Charitable Trust that will own the land referred to as 'Site A' of the civic precinct and be jointly governed by Council and Otamataha Trust. The new ownership structure was approved following community consultation in September 2022. The Trust represents mana whenua from Ngai Tamarāwaho, Ngāti Tapu and Te Materāwaho, direct descendants of those who originally released the land to the Church Missionary Society in 1838 to be held in trust for the benefit of the church (community). The joint ownership solution for the site is thought to be the first of its kind in the country and will provide certainty for how the land will be owned and used in the future, so that the community will always benefit. Refer section 6.2.2 for further detail.

⁶⁰ The Pedersen report⁶⁰ (November 2022) evaluated three CCO models in terms of their appropriateness for implementation as a delivery vehicle for the civic development. These included one that was purely a governance model and two that were governance and delivery models with varying degrees of separation from Council. That report also evaluated both the status quo approach and a modified status quo approach against 13 criteria.

Figure 36: Reporting structure for Te Manawataki o Te Papa



Te Manawataki o Te Papa Limited

As described above, in March 2023 Council approved the establishment of a new council-controlled organisation, Te Manawataki o Te Papa Limited to govern and lead the delivery of the Te Manawataki o Te Papa programme on the ground. A project of this size and scale requires a high degree of commercial acumen and oversight to give everyone confidence that the project will be delivered efficiently, effectively and as intended. The newly established CCO Board draws upon a wide range of industry and commercial expertise, led by professional director Kim Wallace, with three additional Board members, Barry Bragg, Peter Neven and Nathan Spier.

Te Manawataki o Te Papa Project Control Group

The purpose of the Te Manawataki o Te Papa Project Control Group is to lead delivery of the programme and individual projects that sit within the remit of the Te Manawataki o Te Papa Limited Board.

Development Partner – Willis Bond

Established in 1988, Willis Bond has built its reputation as a leading property development and investment partner over the past thirty-five years. Their team delivers high-quality mixed-use developments across New Zealand and manages several high-value investment funds that seek superior returns for their investors. Willis Bond have raised over \$533 million in development capital, which has been committed to 26 development projects. Willis Bond are Council's development partner for Te Manawataki o Te Papa programme of work. As shown in Figure 36, the Development Partner reports to the Project Control Group.

Te Manawataki o Te Papa Steering Groups

Four steering groups were established at the masterplanning stage to provide direction and governance of the Te Manawataki O Te Papa development. The Library and Library and Community Hub Steering Group, Civic Whare, Exhibition and Museum Steering Group, Baycourt, Performing Arts and Conference Steering Group; and the Precinct and Waterfront Steering Group have to date been chaired by

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Commissioners. Internal and external subject matter experts have, in collaboration with the architectural and consultant team, directed the design process to ensure industry best practice was achieved. The Steering Groups meet monthly.

Te Manawataki o Te Papa design and technical reference groups

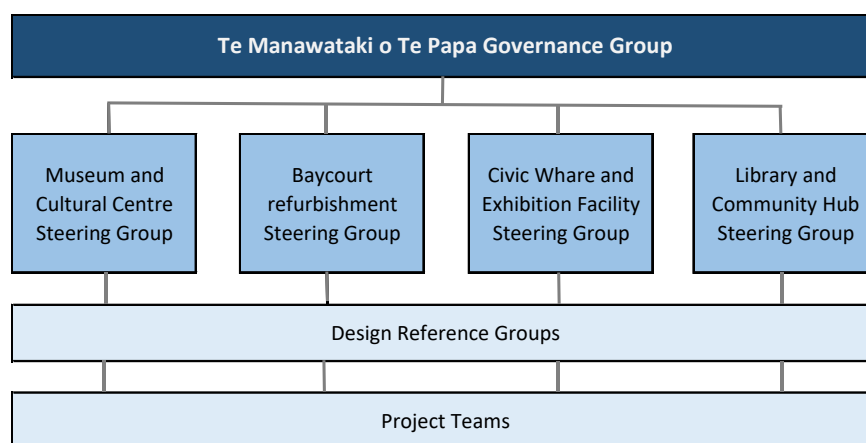
Design and technical reference groups were established during the enhanced concept design stage and have functioned through all design stages. The technical reference groups comprise technical experts who have provided guidance to the design team in relation to specific requirements for each specialised facility. The design reference groups comprise specialist staff from each activity to ensure that the facilities achieve the operational requirements for the new facilities. All reference groups meet monthly with more frequent meetings held depending on the stage of the design and the project.

Te Manawataki o Te Papa Governance Group (prior to 1 May 2023)

Prior to the creation of the new CCO *Te Manawataki o Te Papa Limited*, the design and construction was governed by Te Manawataki o Te Papa Governance Group. This group operated from 28 February 2022 to 30 April 2023, during which time there was a managed handover. An outline of the governance structure is outlined in Figure 37 and a list of members of Te Manawataki o Te Papa Governance Group is provided below.

| External members | Council members |
|--|--|
| <ul style="list-style-type: none"> Independent Chair - John Brockies Te Tiriti o Waitangi Advisor – Puhirake Ihaka Commercial Lead - David Lambie Development Lead – Wayne Silver Financial Lead – Mohan De Mel | <ul style="list-style-type: none"> Chief Executive - Marty Grenfell Client Representative – Barbara Dempsey (General Manager Community Services) Gareth Wallis (General Manager City Development and Partnerships) Mike Naude (Director Civic Development) Graeme Frith (Team Leader, Legal and Business Support) |

Figure 37: Governance structure prior to 1 May 2023

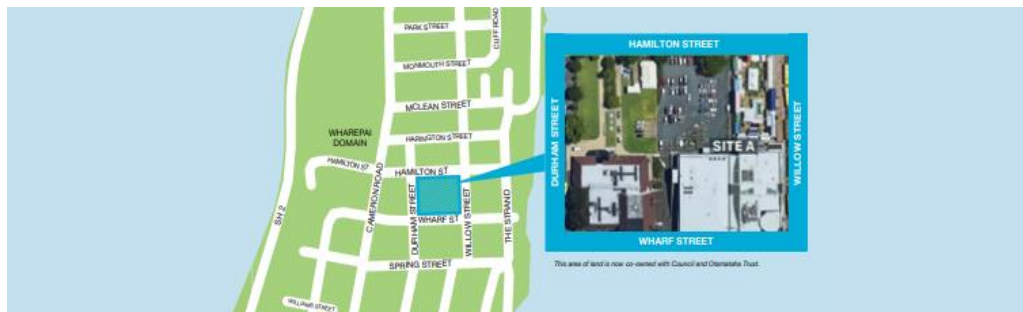


6.2.2 Land: CCO Te Manawataki o Te Papa Charitable Trust

Site A of the Civic Precinct, being the site bounded by Willow, Hamilton, Wharf and Durham Streets (refer Figure 38), is culturally significant to mana whenua of Tauranga Moana, particularly Ngāi Tamarāwaho, Ngāti Tapu and Te Materāwaho, as represented by the Otamataha Trust (“the Trust”).

There is a long and complex history associated with the site, with unresolved grievances linked with the land. Council wishes to ensure that Te Manawataki o Te Papa development respects and reflects the significant history and importance of the area to mana whenua. The relationship with mana whenua is pivotal to the success of many of the benefits and outcomes to be realised on the Civic Precinct site (including Site A). Refer to Strategic Case for how Council has partnered with mana whenua on the project more broadly.

Figure 38: Map showing the culturally significant Site A



Community consultation on partnership options was undertaken before Council approved proceeding with establishing a CCO Charitable Trust for Site A of the Civic Precinct which transferred the land to *CCO Te Manawataki O Te Papa Charitable Trust* (CCO Charitable Trust) comprising 50 percent of trustees each from Council and Otamataha Trust (mana whenua representatives). The following structure and arrangements were agreed:

- Transfer of the land to the CCO Charitable Trust for a nominal sale price of \$1.00, subject to a perpetual peppercorn ground lease⁶¹ back to Council; and
- Council retains ownership of any improvements on the land and is entitled to develop and construct further improvements on the land.

In summary, this meant that:

- Ownership of the land at Site A, excluding buildings and any improvements, changed from being owned by Council to being owned by the CCO Charitable Trust.
- Council continues to own all buildings and any improvements on the land at Site A, both now and in the future.
- Redevelopment plans for the land through the Civic Precinct Masterplan will continue as planned.
- Council will be responsible for day-to-day operation of the services and activities on the land, and public access to the land and buildings will be preserved.

⁶¹ A peppercorn ground lease refers to a very small or nominal annual payment.

This was a considerable step forward that formally recognised the long-standing land grievance associated with Site A and provided certainty for how the land will be owned and used in the future so that everyone in the community will benefit.

6.2.3 Ongoing operation of Te Manawataki o Te Papa

Options for the ongoing operational governance of Te Manawataki o Te Papa have been scoped by independent consultant Tim Dowson (2023) and further refined by Council's Executive team. Although no decisions have been made on the continuing operation of Te Manawataki o Te Papa at this stage, Option 1 is the preferred way forward.

The three options are:

1. Incorporation of Te Manawataki o Te Papa activities within Council structure (in-house)
2. Creation of a new CCO for the continued operation of Te Manawataki o Te Papa (independent with reporting function)
3. Establishment of a third-party management contract (fully independent)

Each option is outlined in Table 38 in terms of key benefits and disadvantages.

Table 38: Assessment of options for the ongoing operation of Te Manawataki o Te Papa

| OPTION 1 – Incorporation of Te Manawataki o Te Papa activities within Council structure (Preferred) | |
|---|--|
| Ongoing management and operation of Te Manawataki o Te Papa is delivered alongside other Council activities. This is an in-house Council option. | |
| Benefits | Disadvantages |
| <ul style="list-style-type: none"> • Council's partnership with mana whenua continues to develop and grow • Able to work within a broader picture and align with Council arts and culture strategies, and broader community goals/outcomes • Third parties (e.g., food and beverage, service contractors etc.) more likely to engage confidently with Council as a known entity • Clear allocation of resources and ability to measure benefits across Te Manawataki o Te Papa activity • Ability to develop and enhance a range of transferable skills across the precinct • Alignment and shared outcomes mean greater ability to maximise utilisation of venues (e.g., cross selling, booking management across all venues etc.) | <ul style="list-style-type: none"> • Some Council organisational structural change management may be required • Potential need for additional specialist skillsets to support operations |
| OPTION 2 – New CCO for ongoing operation of Te Manawataki o Te Papa | |
| A new CCO would provide an independent governance board specifically set up for the ongoing operation of Te Manawataki o Te Papa, with a reporting function to Council. | |

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| Benefits | Disadvantages |
|---|--|
| <ul style="list-style-type: none"> • Independent governance structure with specialist skillsets at Board level • Clear allocation of resources and ability to measure community outcomes, gather data specific to goals of the organisation • Ability to develop and enhance a range of transferable skills across the precinct • Alignment and shared outcomes mean greater ability to maximise utilisation of venues (e.g., cross selling, booking management across all venues etc.) | <ul style="list-style-type: none"> • Additional time and cost for set up and operation of a new CCO • Disruption to existing structure/change management • More difficult to align with activities outside of Te Manawataki o Te Papa • Internal focus – looking within own boundaries therefore limiting focus on wider community opportunities • Potential dislocation from other libraries and activities based outside of the precinct • Asset depreciation – potential risk around ongoing management and maintenance of heritage collection (community asset may not be perceived as valuable). |
| OPTION 3 – Third Party Management Contract (external) Third party management contract means an external party would be responsible for the ongoing management and operation of Te Manawataki o Te Papa. | |
| Benefits | Disadvantages |
| <ul style="list-style-type: none"> • Operating risks transferred to third party • Ability to leverage national and international experience, systems, and best practice processes • Ability to develop and enhance a range of transferable skills across the precinct • Alignment and shared outcomes mean greater ability to maximise utilisation of venues (e.g., cross selling, booking management across all venues etc.) | <ul style="list-style-type: none"> • Possibly less likely to maintain relationship with mana whenua • Unlikely to find a skilled operator wanting to assume management of community facilities • Internal focus – looking within own boundaries therefore limiting focus on wider community opportunities • Potential dislocation from other libraries and activities based outside of the civic precinct site • Risk that profit goals override social outcome goals • Additional costs to Council to manage the contract • Loss of “bigger picture” and city-wide strategic opportunities • Loss of control on customer experience • Poor service/quality issues directed to Council as the perceived operator • Loss of opportunity for Council reputation and its commitment to the arts, culture and heritage sector. • Asset depreciation – potential risk around ongoing management and maintenance of heritage collection (community asset may not be perceived as valuable). |

6.3 PROGRAMME SCHEDULE

Architectural, engineering, sustainability and contractor teams have been working closely with key stakeholders to progress design across the Te Manawataki o Te Papa precinct. Input has been received from mana whenua, council steering groups, subject matter experts and end users to curate a precinct that is consistent with the masterplan adopted by Council in May 2022 (refer Strategic Case for more detail on the masterplan and its objectives).

6.3.1 Programme for delivery

Figure 39 outlines the draft programme for delivery for Te Manawataki o Te Papa. The draft programme indicates the completion of the project in April 2027 (expedited) or January 2028 (extended). The Civic Whare, Exhibition Centre and Museum (CWEM) programme shows two scenarios, the accelerated programme in dark blue and the base case programme shown by the pink dashed outline. At the time of writing, the programme is currently in the developed and detailed design stage.

The accelerated CWEM programme has a significant risk in physical site logistics constraints and local market capacity to deliver both the CWEM and Library and Community Hub projects concurrently. The earlier commencement date will require early interaction with the market on pricing and tendering items e.g., mass timber structures. LT McGuinness (the preferred main contractor) will continue to review if the advanced programme is feasible. The Site A landscaping, that spans the plaza between both the Library and Library and Community Hub and CWEM building, will be largely designed alongside the CWEM milestones to allow for coordination and interfacing of final designs.

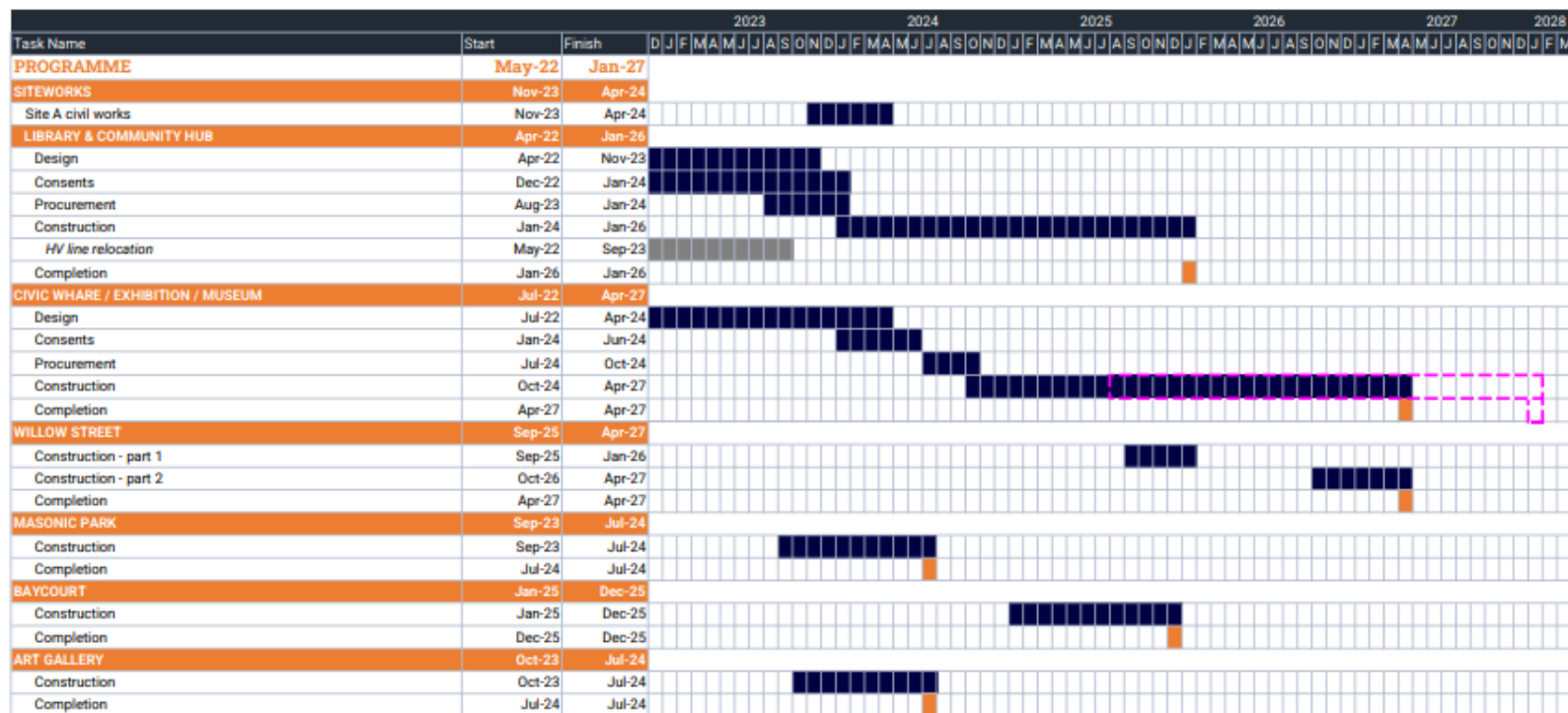
If the accelerated programme is not feasible, there are several commitments that will have been made for the CWEM building by mid-2024 to ensure project continuity. Aside from construction contracts being in place for both Site A and CWEM, deposits will have been made for the tile and glass façade systems, structural steel and the CLT (cross laminated timber) and LVL (laminated veneer lumber) mass timber elements. The following works will also have commenced in addition to the general Site A establishment works and site clearance:

- Museum ground improvement
- Museum piling
- Temporary retaining to Hamilton Street.

The Baycourt and Art Gallery projects are currently in early design and feasibility phases, the outcome of these processes and further clarification of scope will help to determine the estimated programme. Programme timing for both projects is indicative, noting that the Art Gallery works are intended to coincide with the Masonic Park development to ensure construction efficiency across both projects.

Refer to Financial Case for further detail on how costs will be allocated overtime.

Figure 39: Draft programme for delivery of Te Manawataki o Te Papa



----- indicates the base case programme

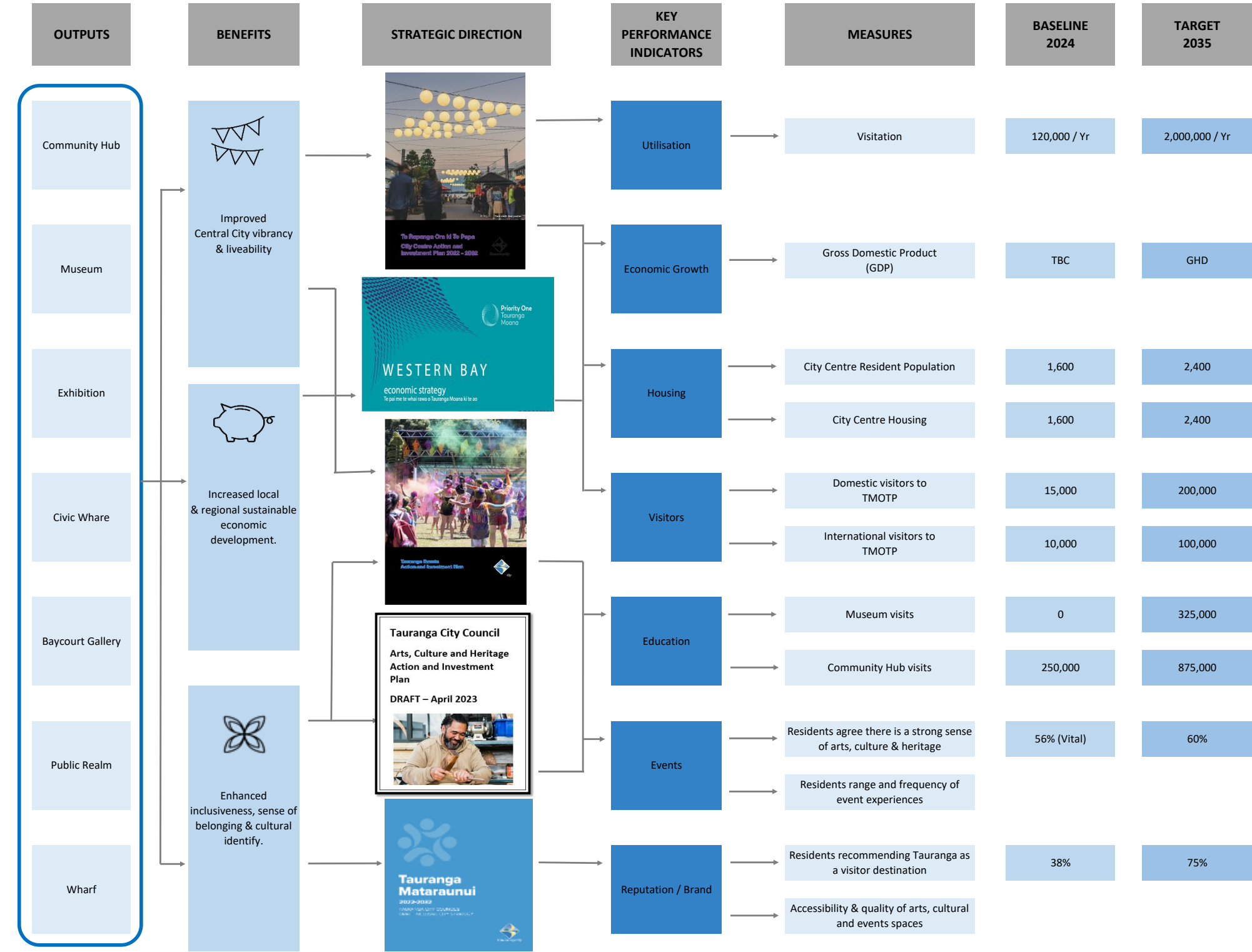
6.4 BENEFITS REALISATION MANAGEMENT

Effective benefit management is about giving investments the greatest possibility of realising and optimising the benefits identified.

A benefits map showing alignment with Council's strategic direction and how benefits will be measured (key performance indicators, measures and targets) is provided in Figure 40. Figure 40 is an extension of the benefit map provided in the Strategic Case and is based on the three key benefits identified through the investment logic mapping process.

The approach to benefits management largely aligns with Council's Long-term plan and annual reporting processes, in that they share KPIs and measures. This ensures those responsible for relevant Council activities (and associated benefits) are able to actively monitor, respond and report on benefits with ease.

Figure 40: Benefits map for Te Manawataki o Te Papa aligning with Council’s strategic direction and outlining KPIS, measures, 2024 baseline data and 2035 targets



TE MANAWATAKI O TE PAPA BUSINESS CASE July 2023

Management Case

6.5 RISK MANAGEMENT

Te Manawataki o Te Papa programme follows Tauranga City Council's risk policy and risk management framework. Council's Risk Management Policy (2022) outlines Council's intent with respect to governance arrangements, commitment and expectations. Risk management is governed by the guiding principles set out in ANS/NZS ISO 31000:2018.

Council's Risk Management Framework (2023) contains five main components illustrated in Figure 41.

Figure 41: Tauranga City Council's risk management framework.



6.6 STAKEHOLDER ENGAGEMENT AND COMMUNICATION

Stakeholder and community engagement is a key success factor of Te Manawataki o Te Papa. The vision is for this to be a place that the whole community feels welcome in and proud of. Through Long-term planning, visioning and design planning, Council has attempted to listen and understand our communities' views, values and priorities. Council will continue to work with the community closely to make their aspirations a reality through all stages of the Te Manawataki o Te Papa development.

A wide range of groups have been involved in the development of Te Manawataki o Te Papa. A high-level summary analysis for key groups and organisations is provided in Table 39

Table 39: Level of influence and interest in Te Manawataki o Te Papa - stakeholder analysis by group

| Group | Description | Influence | Interest | Engagement |
|---------------------------------------|--|-----------|----------|--|
| Mana whenua partners | Otamataha Trust | High | High | Regularly engage and work in partnership. |
| Central Government | Key Ministers and government agencies, e.g., Lottery Grants Board, Ministry Culture and Heritage. | High | Medium | Engage, build relationships and project support. |
| Local Government | Neighbouring Councils | Medium | Medium | Actively engage as part of our regional approach |
| Partner organisations and CCOs | Local partner organisations and CCOs across the city and region | High | High | Actively engage, and work in partnership |
| Funding Partners | Gaming Trusts, local community funders, e.g., TECT. | High | High | Engage, build relationships and project support. |
| Interested Community | Community groups that are invested in the spaces and their purpose - covering arts culture, heritage, and education. | Medium | Medium | Inform, build connection and support. |
| Affected Community | City Centre business community Central Library, Baycourt, and Art Gallery users. | Medium | High | Keep well informed and monitor regularly. |
| General Community | Tauranga ratepayers Future users of the precinct. | Medium | Medium | Inform and build support. |

6.7 PROGRAMME AND BUSINESS ASSURANCE ARRANGEMENTS

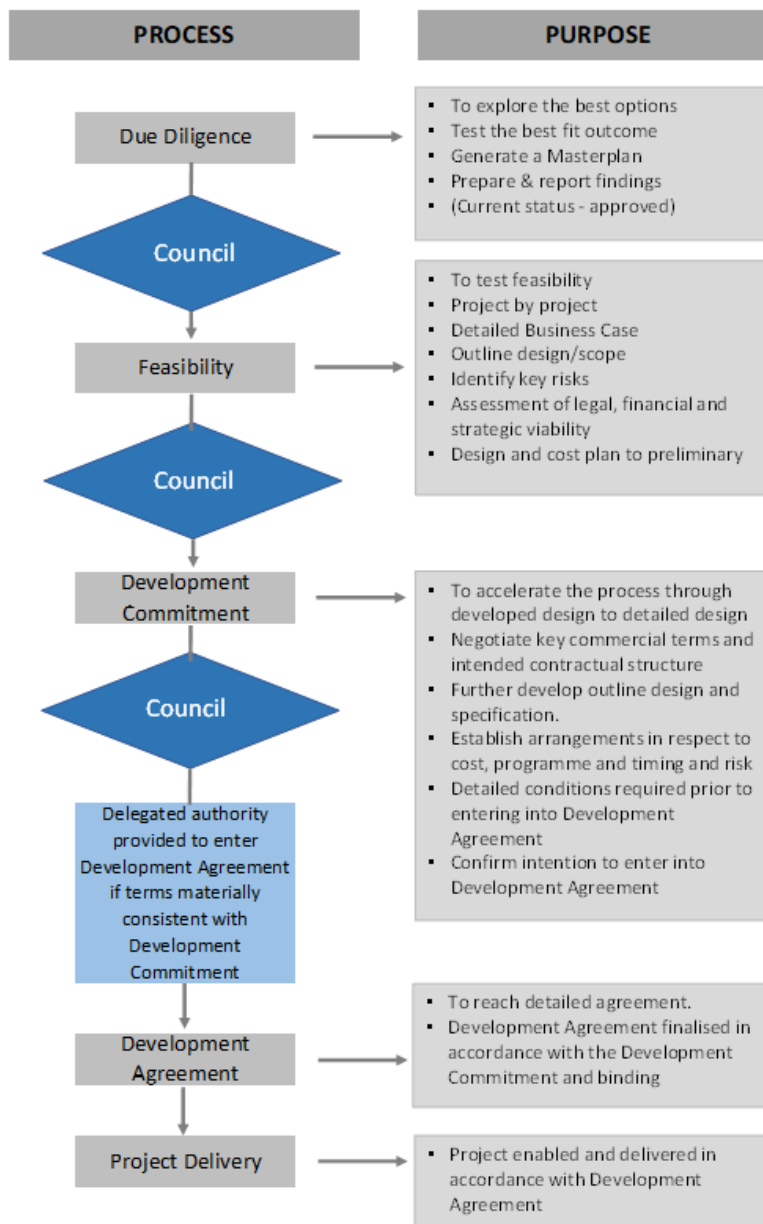
Quality assurance is the responsibility of Council's Civic Development Team, supported by the Council's Capital Programme Assurance Division (CPAD). CPAD is a business unit created as part of Council's project delivery model. CPAD supports and enables all project delivery teams across Council with good industry practice frameworks, systems, reporting, processes, procedures and advice. CPAD also aims to provide assurance to Commissioners, the Executive, and Senior Leadership Group, with meaningful data and information regarding capital works programme performance to allow for effective governance and decision making.

6.7.1 Approval processes

Programme assurance processes are outlined below. Figure 41 summarises the key gateways and approval processes outlined in the Tauranga City Council / Willis Bond Partnering Agreement that will be followed for Site A.

At each significant approval stage/gateway, the programme steering groups make recommendations to Council. This provides the opportunity for Council oversight of final design phases and provides for further consideration of incorporating submitter recommendations into future stages of the project. Developed and detailed design, and updated cost estimates, will be presented to Council for approval in July 2023.

Figure 41: Key gateways and approval processes for Te Manawataki o Te Papa



6.7.2 Cost assurance

Capital costs provided in the Preliminary Design and Costings Report⁶² have been developed by Rider Levett Bucknall (Quantity Surveyors) and reviewed by LT McGuinness. These costs are based on the following conservative assumptions:

- Cost escalation of 8 percent of construction costs across the five years, totalling \$21.52 million.
- Contingency of 11 percent of total cost across five years, resulting in \$29.35 million total contingency.
- Programme of works commencing with developed and detailed design in 2022, and construction staged over the following five years.
- Programme completion by June 2027.

⁶² Willis Bond (December 2022): *Te Manawataki o Te Papa - Preliminary Design and Cost Report*.

Appendices

APPENDICES

Appendix 1: Civic Precinct Decisions Register 2016 – 2022

| DATE | Report | Resolutions |
|-----------|--|--|
| 12-Dec-22 | Te Manawataki o Te Papa - Preliminary design and cost report | RESOLUTION CO23/22/3 Moved: Commission Chair Anne Tolley Seconded: Commissioner Bill Wasley That the Council: (a) Receives the report "Te Manawataki o Te Papa – Preliminary design and cost report". (b) Notes that at this stage of the design process, the projected cost has increased by \$4.5 million compared to the Long-term Plan Amendment budget. (c) Notes that the overall cost estimate will be further refined during the detailed design phase of the programme. (d) Reconfirms that the rate-funded debt would not exceed \$151.5m and that the balance needed for the programme of works is subject to funding from sources other than rates-funded debt. (e) Authorises the Chief Executive to enter into a Development Commitment with Willis Bond, to progress the developed and detailed designs at an estimated cost of \$21.3 million. (f) Notes that the detailed design will be brought back to Council for approval, prior to entering into a Development Agreement, in accordance with the Tauranga City Council / Willis Bond Partnering Agreement. |
| 12-Dec-22 | Establishment of a council-controlled organisation to lead the delivery of Te Manawataki o Te Papa projects | That the Council: (a) Receives the report "Establishment of a council-controlled organisation to lead the delivery of Te Manawataki o Te Papa projects ". (b) Considers the issues raised by the submitters when determining the scope and terms of reference of the CCO. (c) Adopts the proposal to create a Council-controlled organisation to deliver the Te Manawataki o Te Papa development project, subject to funding decisions in sections (c) (i) and (ii) in the 14 November report. |
| 14-Nov-22 | Council Report - 11.1 Options for delivery of Te Manawataki o Te Papa development project by a council-controlled organisation | RESOLUTION CO21/22/1 That the Council: (a) Receives the report "Options for delivery of Te Manawataki o Te Papa development project by a council-controlled organisation". (b) Undertakes a consultation process to establish a company structure council-controlled organisation to govern delivery of the civic development projects, 100% owned by Council. (c) Subject to final decision-making following the consultation in resolution (b): (i) Agrees to include in the 2023/24 Annual Plan a \$700,000 loan-funded grant and associated ratepayer funded interest and debt retirement charges over a maximum period of ten years. (ii) Agrees to include in the 2024-34 Long-term Plan process an annual \$600,000 loan-funded grant and, for each such annual loan, associated ratepayer funded interest and debt retirement charges over a maximum period of ten years. |
| 3-Oct-22 | Council Report 11.2 - Proposal to establish a Council Controlled Organisation for Site A of the Civic Precinct - consultation feedback | RESOLUTION CO18/22/5 That the Council: (a) Receives the report "Proposal to establish a Council Controlled Organisation for Site A of the Civic Precinct - consultation feedback". (b) Considers the feedback received through the public consultation process. (c) Approves the establishment of a council controlled organisation for Site A of the Civic Precinct with Otamataha Trust (Option 1) with the following proposed structure and arrangements: • Transfer of the land to the council controlled organisation for a nominal sale price of \$1.00 and subject to a perpetual peppercorn ground lease back to Council; and • Council retains ownership of any improvements on the land and is entitled to develop and construct further improvements on the land. (d) Requests that staff proceed with finalising arrangements to establish a council controlled organisation and notes that a further report to appoint Trustees for the new council controlled organisation charitable trust will be available to Council before the end of year. |
| 25-Jul-22 | Council Report - 11.1 Te Manawataki o Te Papa - Securing land for future generations and ongoing community use. | RESOLUTION CO14/22/3That the Council:(a) Receives the report ‘Te Manawataki o Te Papa – Securing land for future generations and ongoing community use’;(b) Agrees to consult on options regarding partnership approaches with Otamataha Trust, in particular the future ownership of the land associated with Site A of the Civic Precinct;(c) As the preferred option for consultation purposes, approves the co-ownership of the land referred to as ‘Site A’ of the Civic Precinct with Otamataha Trust, through the establishment of a council-controlled organisation (Option One), with the following proposed structure and arrangements: • Transfer of the land to the council-controlled organisation for a nominal sale price of \$1.00 and subject to a perpetual peppercorn ground lease1 back to Council; and • Council retains ownership of any improvements on the land and is entitled to develop and construct further improvements on the land;(d) Notes that, if approved, public consultation on the purpose and principles of creating a council-controlled organisation for Site of the Civic Precinct will commence in late August 2022. |
| 24-May-22 | Council Report - 11.3 Long-term Plan Amendment Deliberations - Civic Precinct Issues and Options Report | RESOLUTION CO10/22/5 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 was the same as the draft budget consulted on, there were 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 was now budgeted as part of a separate Dive Crescent and Waterfront Reserve upgrade project.(d) Notes the programme of works was 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 would be subject to gateways recognised in resolution (e), prior to proceeding.(e) Reconfirms that the Civic Precinct project was required to have appropriate governance arrangements, business cases, funding mix, and decision gateways for each key facility. Specific consideration before gateway approval was 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 were exemplar in terms of sustainability; and• Less concrete and softer, greener design elements |

| | | |
|-----------|--|---|
| 28-Feb-22 | Council Report 11.2 Te Manawataki O Te Papa (Civic Precinct) programme Governance Structure and Key Project Approval Processes | <p>RESOLUTION CO4/22/9</p> <p>That the Council:</p> <p>(a) Receives this report Te Manawataki O Te Papa (Civic Precinct) programme Governance Structure and Key Project Approval Processes Report.</p> <p>(b) Approves the Te Manawataki O Te Papa Governance and Project Structure:</p> <p>[Insert structure diagram]</p> <p>(c) Approves the following persons as Chairpersons of the Te Manawataki O Te Papa Governance Group and Project Steering Gr</p> <p>Governance/Project Steering Group & Chairpersons</p> <p>Te Manawataki o Te Papa Governance Group - Independent Chairperson John Brockies</p> <p>Library and Community Hub Steering Group - Commissioner Bill Wasley</p> <p>Museum and Cultural Centre Steering Group - Commissioner Shadrach Rolleston</p> <p>Civic Whare and Exhibition Facility Steering Group - Commissioner Stephen Selwood</p> <p>Baycourt Refurbishment Steering Group - General Manager Community Services - Gareth Wallis</p> <p>90 Devonport Road Commercial Building Fitout Steering Group - Independent Chairperson - David Lambie</p> <p>(d) Acknowledges the key project approval processes required for the implementation of the Te Manawataki O Te Papa Programme and the Commercial Development at 90 Devonport Road, as outlined in the Tauranga City Council and Willis Bond and Company (Tauranga) Partnering Agreement, signed 06 July 2018, to ensure appropriate Council oversight and decision-making.</p> |
| 21-Feb-22 | Council Report - 11.6 Civic Precinct Options for Long Term Plan 2021-31 Amendment Consultation | <p>RESOULTION CO3/22/7</p> <p>That the Council:</p> <p>(a) Receives the report ‘Civic Precinct Options for Long Term Plan 2021-31 Amendment Consultation’.</p> <p>(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.</p> <ul style="list-style-type: none">• 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. <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> |
| 6-Dec-21 | Council Report 11.1 - Civic Precinct Masterplan. | <p>RESOLUTION CO23/21/1 That the Council: (a) Receives the Civic Precinct Masterplan (Refreshed 2021) Report; and (b) Adopts the Tauranga Civic Masterplan (Refreshed 2021) attached; and (c) Notes that in making a decision to develop the Civic Precinct Masterplan Refresh 2021, Council is required to undertake a Long-term Plan Amendment, subject to section 97 of the Local Government Act 2002, due to the proposal including the provision of new and additional facilities, resulting in a significant change in level of service from that which was detailed in the L TP 2021-31; and (d) Approves preparation of a Long-term Plan Amendment, alongside the Annual Plan 2022/23 which includes the Tauranga City Masterplan (refreshed 2021); namely Site A community facilities and amenity projects and Site C Waterfront Reserve delivered by 2028;and (e) Receives 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; and vii) The social, cultural and economic value to the city; and (f) In approving preparation for a Long-term Plan Amendment process, notes that the use of the special consultative procedure is required under section 93(5) of the Local Government Act 2002. (g) Requests that staff progress the enhanced preliminary designs for Sites A and C to further refine cost estimates and help inform decision making through the Annual Plan and/or L TP amendment process.</p> |
| 26-Oct-21 | Council Report 11.2 Civic Redevelopment Programme Progress Report | <p>RESOLUTION CO20/21/2</p> <p>That the Council receives the Civic Redevelopment Progress Report.</p> |
| 8-Mar-21 | Council Report 10.7 - Civic Rebuild - Priority Decisions | <p>Resolution CO2/21/10 - That the Council advances the Civic Rebuild programme as follows:</p> <p>Notes the Council has a key role in supporting City Centre revitalisation through investment in Civic Facilities and amenity and contributing to a City Centre environment which incentivises activity, future private investment, and increased mixed-use development;</p> <p>b) Confirms the September 2020 decision of Council to refresh and revise the Civic Precinct Master Plan. Approves a revised streamlined challenge process to the existing Master Plan and a subsequent report back to Council;</p> <p>c) Includes in the draft Long-Term Plan the proposed programme and projected capital expenditure of:</p> <ul style="list-style-type: none">· \$45 million to provide the new Community space and Library facility, (commencement August 2021, expected completion December 2023); and· \$11 million to provide enhanced public spaces in the Civic Plaza and surrounding area (including Masonic Park);· \$2 million for temporary relocation and associated fitout costs· \$3 million for demolition of existing buildings on Civic site. <p>d) Confirms the intent of the Commissioners to meet with Ngai Tamarāwaho representatives to discuss arrangements for meaningful engagement regarding the future development of the Civic Precinct</p> <ul style="list-style-type: none">· It is envisaged that Ngai Tamarāwaho will be a key partner for the community space and central library facility build programme. <p>e) Confirms the March 2020 in-principle decision of Council to secure leased interim office accommodation for the purpose of consolidation of Council’s administration staff in a single location and approves negotiations being entered into with third parties to this effect;</p> <p>f) Approves the demolition of Willow Street Buildings A, B and C (refer Attachment 1) as soon as possible following existing Council services relocating to other temporary premises; and</p> <p>g) Notes that the capital and operating expenditure forecast in this report includes projected costs relating to the demolition of the Willow Street buildings and temporary premises (relocation, rent, outgoings) whilst the new facilities are built.</p> |

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| 28-Jun-18 | DC121- Heart of the City Partnering Agreement | <p>Resolutions Amended as follows: Resolution to Transfer into the Open:</p> <p>That it be resolved:</p> <p>(a) Following execution, that the Partnering Agreement (Attachment B to Agenda Report DC 121) be released to the public following discussion with and agreement of the preferred Development Partner.</p> <p>(b) That the voting record, showing votes for and against, on the adoption of the Partnering Agreement (Attachment B to Agenda Report DC 121) come into the public domain.</p> <p>Resolution Agreement:</p> <p>That it be Resolved</p> <p>That Council:</p> <p>(a) Approves the Partnering Agreement for execution, with the following amendments:</p> <p>i. Amend Clause 3.3 (a) as follows “approves the Master Plan for the purpose of the Project, but on the basis that the Master Plan is ‘indicative’ and currently needs to be revised and in the future amended as necessary in response to requirements of the Project during the Term.”</p> <p>ii. Amend Clause 4.1 (a) as follows “develop the CAB on the Civic Campus in line with transitioning arrangements that may be provided by the construction of the Library as an Immediate Requirement.”</p> <p>iii. Amend Clause 4.1 (c) as follows “develop the Library on the Civic Campus noting that the Master Plan currently needs to be revised and is to be amended in accordance with Clause 3.3(a).”</p> <p>iv. Amend Clause 4.1 (a) to (d) to reflect the proposed order of development – Library, Hotel, CAB, and Public Space.</p> <p>v. Amend Clause 4.2 as follows “Potential Developments (not currently in the LTP 2018/28).”</p> <p>vi. Amend the end of Clause 5.3 (a) as follows “...in respect of Immediate Requirements described in Clauses 4.1 (a)-(d).”</p> <p>(b) Endorses the recommended Master Plan transition solution.</p> <p>(c) Adopts the Hotel Negotiation Strategy.</p> <p>(d) Adopts the Civic Administration Building Negotiation Strategy.</p> <p>(e) Approves for the City Transformation Committee Chairperson and Deputy Chairperson and one Elected Member (determined by Council at a future meeting) to be appointed to the Negotiation Teams for the Heart of the City Project, and that their roles be clearly articulated to address confidentiality and legal risk, as per the terms and conditions in the Simpson Grierson advice and otherwise assist the Negotiation Team to achieve the outcomes required by Council for the Heart of the City Project.</p> <p>(f) Delegates to the Chief Executive Officer the authority to rectify any minor errors or omissions (if any) that are identified in the Partnering Agreement, Hotel Negotiation Strategy and Civic Administration Building Negotiation Strategy.</p> |
| 7-Jun-18 | DC 116 - LONG TERM PLAN 2018-28 DELIBERATIONS - MUSEUM AND LIBRARY | <p>(a) Receive Report DC 116 Long Term Plan Deliberations: Proposed museum and central library.</p> <p>(c) Approve the inclusion of \$35m in the years one to three of the Long Term Plan 2018 – 28 to develop a future-proof central library on the Willow Street site.</p> <p>(h) Direct staff to continue to value manage the central library project through procurement and design processes to identify opportunities to reduce CAPEX and OPEX, while ensuring the requirements agreed in the Central Library Strategy are met.”</p> <p>(i) Approve the inclusion of a total of \$3.4m OPEX per year commencing in year 4 of the Long Term Plan 2018-2028 for development of a future-proof central library.</p> <p>(a) Makes no capital or operating provision in the 2018-2028 Long Term Plan for a new museum;</p> <p>(b) Requests staff provide for Council consideration an Issues and Options paper for partial de-accessioning of the current heritage collection.</p> |
| 7-May-18 | Outcome of the 2018 Museum Referendum | <p>That the Committee</p> <p>a) Receive an update on the outcome of the 2018 Museum Referendum Process</p> <p>Cr Baldock gave a verbal update and tabled item (1) which dealt with the referendum on the proposed museum</p> |
| 3-Apr-18 | DC79 - Museum Planning Update, | <p>That the Committee</p> <p>a) receive the report</p> |
| 5-Mar-18 | CTC - DC56 - Petition Received Cliff Road Location for Proposed Museum, | <p>That the Committee</p> <p>a) Receive the petition against building a museum on Cliff Road</p> |
| 20-Feb-18 | DC52 - Referendum on Museum, | <p>That the Council Resolves:</p> <p>A) resolves to hold a referendum on the issue of a museum as part of the by-election process which is currently underway to fill an extra-ordinary vacancy for an At Large Councillor, and the wording of the referendum shall be:</p> <p>i) do you support the Tauranga City Council including a museum in the 2018/28 Long Term plan? Yes/ No</p> <p>ii) in terms of the location of the museum to you support:</p> <p>a- Cliff Road? Yes/No</p> <p>b- Willow Street? Yes/No</p> <p>B) makes provision for on-line referendum voting in addition to the paper-based voting form</p> <p>C) Council resolves that a unanimous decision to proceed with a referendum will be non-binding. This is contrary to the Referenda Policy. The reason for this decision is that Council is in parallel undertaking Long Term Plan consultation process and it is unlawful to hold a binding referendum. The Council does not intend to amend the Referenda Policy</p> |
| 20-Feb-18 | DC53 HOC Preferred Development Partner Negotiation Partnership Approach, | <p>That the Council Resolves:</p> <p>Recommendation that the Council</p> <p>a) approve the Heart of the City Negotiation Strategy - Phase One</p> <p>b) Retain the report in the confidential section due to the ongoing need for Council to carry out without prejudice of disadvantage, commercial activities</p> <p>c) Retain Attachment A in the confidential section due to the ongoing need for Council to carry out without prejudice or disadvantage commercial activities.</p> <p>d) Amend "Mandate to Proceed", bullet point 1 to read: Council is willing to accept the Willis Bond Masterplan in principle, identifying that the continuation of the council functions currently operating at Willow Street campus are supported during any development phases. And that if the relocation challenge is not addressed by 1st May 2018 when Council begins deliberations on the Long-Term Plan, the masterplan should be reviewed.</p> |
| 7-Feb-18 | DC 21 - Consideration of a Museum Advisory Group, | <p>Recommendation that Committee:</p> <p>a) Direct staff to set-up two expert panels to review the work on value management and planning to 30 June 2018</p> |

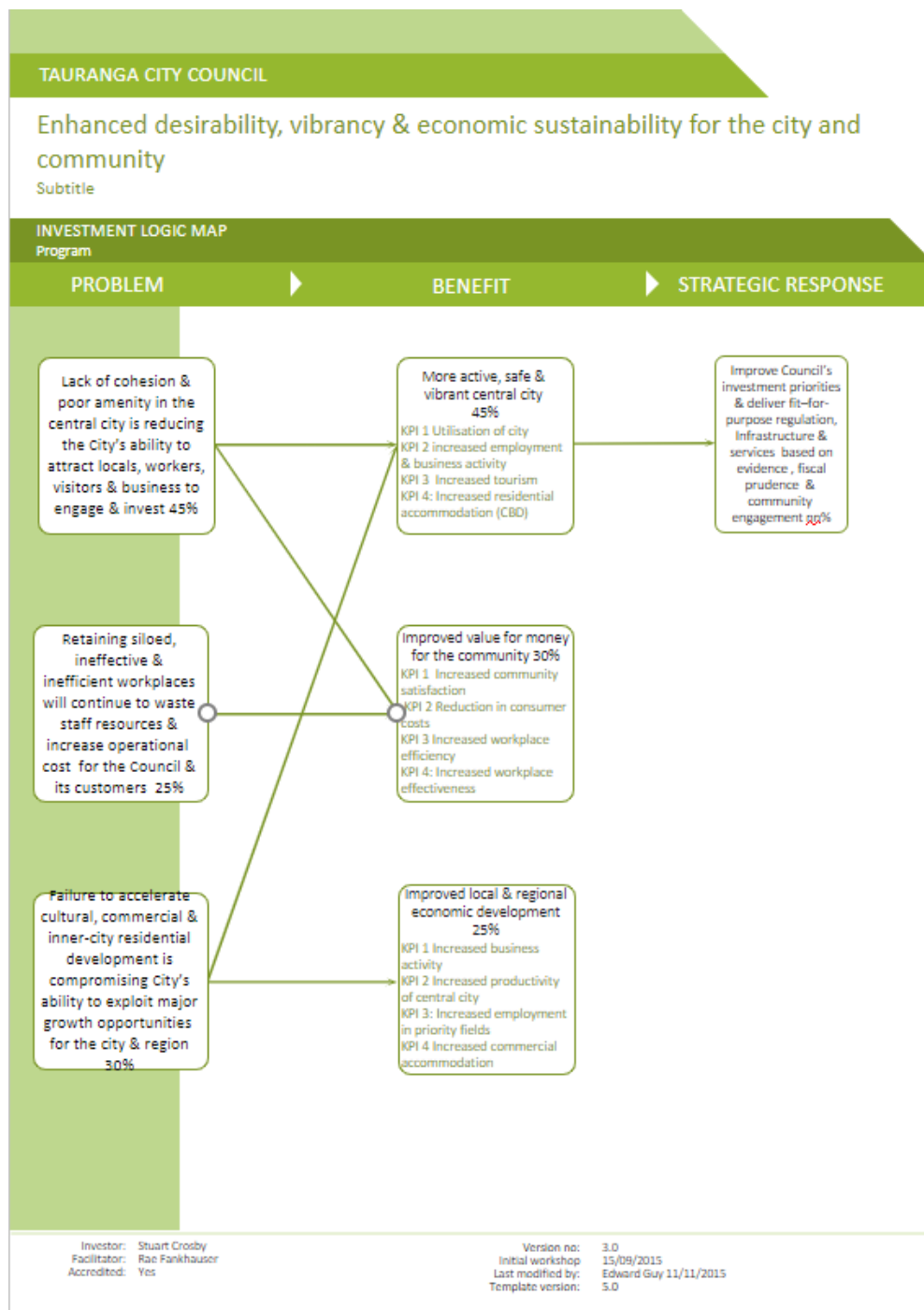
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| 19-Dec-17 | M12/121.4 Recommendation from CTC re Museum Location & Library Building | <p>That it be Resolved That Council</p> <p>a) approves the inclusion of the following museum project in the draft LTP for consultation with the community:</p> <p>i. a stand-alone museum at Cliff Road with Council contribution capped at \$20.64m, which represents approximately 37.1% of the total project cost: \$15m towards the museum and \$5.65m to support accessibility upgrades for safe access to and from the museum</p> <p>b) approves the release of a further \$200,000 from the Heart of the City carry forward budget to progress further, value management , design and planning processes associated with a stand-alone museum on Cliff Road</p> <p>c) supports the inclusion of a the following Library project in the draft LTP for consultation with the community:</p> <p>i. A stand-alone library at Willow Street with Council contribution capped at \$25m with an expectation that a further \$5m will be raised externally</p> |
| 5-Dec-17 | DC340 - Heart of the City Cultural Facilities Business Case Consideration of Preferred Way Forward | <p>Recommendations amended to:</p> <p>That it be resolved that:</p> <p>The City Transformation Committee recommends to Council:</p> <p>a) the inclusion of the following Museum project in the draft LTP for consultation with the community:</p> <p>i. A stand-alone museum at Cliff Road with Council contribution capped at \$20.65m, with an expectation that this represents approximately 31.7% of the total project cost.</p> <p>ii. Cliff Road infrastructure costs of \$5.65m to support accessibility upgrades that support safe access to and from the Museum</p> <p>B) the release of a further \$200,000 from the Heart of the City 'carry forward' budget to progress further, value management, design and planning processes associated with a stand alone Museum on Cliff Road</p> <p>C) the inclusion of the following library project in the draft LTP for consultation with the community:</p> <p>i. A standalone library at Willow Street with Council contribution capped at \$25m with an expectation that a further \$5m will be raised externally</p> <p>d) staff investigate options for reducing the projected operational expenses for the museum and report back on these to Council on 19 December 2017</p> <p>e) staff investigate the roles and responsibilities and membership of a potential Museum Advisory Group to advise on matters related to the development of the Museum including, the value management, design and planning processes</p> <p>f) staff investigate a variety of ways that items in the heritage collection can be displayed and shared at the central library and present these through the design process of the library</p> <p>Confidential - receive attachment F cultural facilities business case consideration of preferred way forward</p> |
| 16-Oct-17 | REPORT DC284 Heart of the City Project and Design Requirements | <p>That the Council:</p> <p>(a) Receive report DC 284 – Heart of the City Project and Design Requirements</p> <p>(b) Endorse the enhancement levels as outlined below:</p> <p>i. Council is seeking that the Civic Administration Building be developed to a minimum of building Importance Level 3 (IL3), with the option to consider building Importance Level 4 (IL4).</p> <p>ii. Council is seeking mid to high level of environmental and sustainability enhancements in the Civic Administration Building, while minimising the impact on costs. A minimum 4 star Green Star design rating is sought, as is a minimum 4 star NABERS design rating. (NABERS is an energy efficiency rating for office buildings).</p> <p>iii. Council is seeking enhancements that best support functionality and a 'brand' of trust and confidence, while minimising impact on cost.</p> <p>iv. Council is seeking up to 80 car parks be provided with the Civic Administration Building, along with consideration of practical loading and refuse collection needs.</p> <p>v. Council is open to flexibility in the introduction of complementary uses, noting the design tests against any changes to the reference master plan.</p> <p>vi. Council is seeking the outcome of a hotel and conference centre, and will consider all proposed approaches to facilitate this. Council is more comfortable using its own regulatory tools as opposed to direct investment.</p> |
| 3-Oct-17 | Recommend that the City Transformation Committee | <p>a) Receive report DC269 - Heart of the City - Cultural Facilities Business Case: Project Update</p> |
| 5-Sep-17 | Recommend that the City Transformation Committee: | <p>a) endorse the direction and service requirements outlined in the Summary of Museum Interpretive Masterplan for further consideration in the Detailed Business Case process</p> <p>b) endorse the direction and service requirements outlined in the Summary of Central Library Strategy for further consideration in the Detailed Business Case process</p> <p>c) endorse the principles outlined in the report to guide the museum commercial model</p> <p>d) endorse the criteria to be used as part of the multi-criteria analysis to compare the business case options</p> <p>Recommendation C amended to:</p> <p>Endorse the principles outlined in the report to guide the museum commercial model with the following amendment:</p> <p>- Add "to be tested against alternative</p> <p>- Expand "territorial authorities" to include "Local authorities"</p> |
| 15-Aug-17 | | <p>Recommend that Council:</p> <p>a) approval of the allocation of \$330,000 from the Heart of the City carry forward to undertake a:</p> <p>1. more detailed site assessment of the Cliff Road Museum location site</p> <p>2 more detailed concept plan development for the shortlisted options in the Detailed Business Case</p> <p>c) report to the Audit, Finance, Risk and Monitoring Committee on costs spent on the site assessment and option development to date</p> |
| 15-Aug-17 | Recommend that Council: DC204 Heart of the City Development Plan Request for Proposal Adoption: | <p>A) Approve The Tauranga City Council Heart of the City Development Partner - Request for Proposal for release to the property and development market</p> <p>b) approve the evaluation panel as follows for the Request for Proposal:</p> <p>- Chief Financial Officer</p> <p>- General Manager City Transformation</p> <p>- Programme Director Heart of the City</p> <p>- Twenty Two (External Consultant)</p> <p>and the attendance of the Probity Lawyer from Simpson Grierson to oversee procurement and evaluation</p> <p>c) Transfer Resolution M____ (and associated report DC204) to open following release of the Request for Proposal on 18 August 2017</p> <p>d) Transfer Attachment A into open once the Tauranga City Council - Heart of the City - development Partner Request for Proposal is released to the shortlisted parties</p> |
| 1-Aug-17 | Recommend that the City Transformation Committee: DC 191 Building B Assessment | <p>That it be Resolved</p> <p>That the City Transformation Committee:</p> <p>(a) Recognise that the remediation or renovation of Building B does not provide a viable option for the delivery of a future proofed, fit for purpose central library service.</p> <p>(b) Approve the removal of the remediate existing library and remediate plus future proof existing library options from the Museum and Library Detailed Business Case process.</p> <p>(c) Retain Attachment B in the confidential section due to the need to continue to protect the privacy of natural persons.</p> |

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| 1-Aug-17 | Strategic Case for the museum and central library | Recommend that the City Transformation Committee Adopt the Strategic Case for the museum and central library: DC 189 Museum and Central Library Strategic Case |
| 1-Aug-17 | Cultural Facilities Detailed Business Case | Recommend that the City Transformation Committee: DC 190 Cultural Facilities Detailed Business Case - Additional Site Assessment and Design Investment: a) Approve the allocation of \$330,000 from the Heart of the City carry forward to undertake a: i. more detailed site assessment of the Cliff Road Museum location site ii. More detailed concept plan development for the shortlisted options in the Detailed Business Case |
| 1-Aug-17 | Museum and Central Library Strategic Case | Recommend that the City Transformation Committee: DC189 Museum and Central Library Strategic Case A) adopt the strategic case for the museum and central library. |
| 12-Jul-17 | Resolve that the City Transformation Committee | That the City Transformation Committee: b) Retain a stadium in the draft spatial strategy for discussion through the engagement process c) hold the decision on location of a potential museum until additional information on options is provided d) receives a report on 1 August 2017 that provides information to support the shortlisting of options and location for cultural facilities that reflects the information received to date from engagement with Tangata Whenua, Kaumatua, the community and the technical advice from the technical advisory group |
| 12-Jul-17 | HOC Technical Advisory Group Spatial Framework and Museum Considerations | Resolve that the City Transformation Committee Receives Report DC 171 - HOC Technical Advisory Group Spatial Framework and Museum Considerations |
| 18-Apr-17 | Proposal for Referendum - Proposed Demolition of the Tauranga City Administration Building | Council - DC70 Proposal for Referendum - Proposed Demolition of the Tauranga City Administration Building that it be resolved that the Council: a) receive report DC70 - Proposal for Referendum - Proposed demolition of the Tauranga City Administration building b) does not approve the proposal for a referendum on the proposed demolition of the Civic Administration building at 91 Willow Street c) direct staff to include the Referenda Policy in the review schedule as soon as practicably possible |
| 18-Apr-17 | Approve establishment of the Heart of the City Taskforce | Resolve that Council Approve establishment of the Heart of the City Taskforce with the endorsed Terms of reference, including the membership. Appoint: Cr. Larry Baldock, Cr. Gail McIntosh, Cr. Max Mason, Cr. Terry Molloy as the Elected Member representatives on the Heart of the City -Taskforce |
| 7-Mar-17 | City Transformation Committee Discussion on the Establishment of the Potential Heart of the City Taskforce | Agenda item raised by Chairperson of committee who outlined the purpose and parameters of a Taskforce Key Points: <ul style="list-style-type: none">● The Taskforce, unlike the formal Committee, would have more flexibility and ability to meet on short notice● It would have to be small, with maybe 3-4 Elected Members● A taskforce could co-opt external members● The Heart of the City had been supported by a Project Steering Group in the previous triennium● Elected Members to express their interest in Taskforce membership to the Chairperson● The Taskforce had to be outcome focussed |
| 7-Mar-17 | City Transformation Committee: | a) Receive Report (DC 36) Heart of the City Cultural Facilities - Proposed Location and Site Selection Approach b) Resolve that site options for a museum be restricted to the 91 Willow Street Site and the Cliff Road Site c) Recommend that the Technical Advisory Group considers the criteria and analysis derived from: i. Assessment against Investment Logic Objectives ii. Assessment against the city making objective iii. Technical analysis iv. Cultural and spiritual assessment v. Total visitors' experience and considerations d) See confirmation of past cultural and spiritual assessment for a museum site from Tangata Whenua for considerations of the Technical Advisory Group e) Agree that the first location option for a new performance venue is 91 Willow Street and that, in the event Council decides to retain Building B for the long term, other location options be contained to the city centre |
| 21-Feb-17 | Terms of Reference for Cultural Facilities Project | a) Receive Report (DC 9) Heart of the City Communications and Engagement Approach b) Recommend the adoption of the Communications, Engagement and Activation Strategy to Council Recommendation from City Transformation Committee to Council DC 7 M17/1.6 Terms of Reference for Cultural Facilities Project (DC 7) |
| 13-Feb-17 | Terms of Reference for Cultural Facilities Project | City Transformation Committee Receive report (DC 7) Terms of Reference for Cultural Facilities Project a) Recommend to Council to Adopt the Terms of Reference for Cultural Facilities Project b) Agree that museum location options be contained to the city centre in line with the Heart of the City Programme's objective of "a safe, vibrant and successful city centre" c) Agree to commence community engagement on cultural facilities d) Recognise the special role the Tauranga Moana Museum Trust in the development of the museum project and invite the Trust appointees to relevant workshops with the Committee as per Memorandum of Understanding developed with the Trust e) Recognise the special role and interest of Māori in the development of the museum project and seek to work with the Kaumatua, Tangata Whenua Collective and Iwi Collective to establish appropriate representation for the museum project |
| 20-Dec-16 | Heart of the City project establishment: | Council - Receive report (DC 306) Heart of the City project establishment: a) Endorse the Heart of the City programme approach b) Adopt the Programme Governance approach as proposed c) Adopt the Technical Advisory Group Terms of Reference as amended |

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| 29-Sep-16 | Long Term Plan Amendment – Civic Spaces | <p>2015-25 Long Term Plan Amendment – Civic Spaces (DC 294)</p> <p>(a) Receive Report (DC 294) – 2015-25 Long Term Plan Amendment – Civic Spaces.</p> <p>(b) Adopt the Amended 2015-25 Long Term Plan (Attachment C).</p> <p>Audit</p> <p>(c) Receive a report from Audit New Zealand confirming its previous opinion on the 2015- 25 Long Term Plan as it is now amended, pursuant to section 94 of the Local Government Act 2002.</p> <p>Adoption</p> <p>(d) Adopt the audited 2015-25 Amended Long Term Plan pursuant to section 93 of the Local Government Act 2002.</p> <p>(e) Authorise the Chief Executive to make any necessary minor drafting or presentation amendments to the 2015-25 amended LTP.</p> |
| 6-Sep-16 | Civic Space Options - Long Term Plan Amendment - Deliberations Report | <p>(a) Receive Report (DC 245) - Civic Space Options - Long Term Plan Amendment - Deliberations Report.</p> <p>(b) Adopt for inclusion in the Long-Term Plan Amendment 2015–25 the following projects:</p> <p>i Work with the private sector to deliver a new Civic Administration Building for Council to lease on the 91 Willow St land, including the Durham St site. Noting that the actual procurement approach may be altered where there are additional benefits to be achieved by an alternative arrangement. \$22.3m in capital costs plus an ongoing lease cost (\$2.5m/an).</p> <p>ii Deliver the open space immediately surrounding the Civic Administration Building. \$4.3m</p> <p>iii Consider the costs of relocation of public toilet, carparking and bus-stop infrastructure and that this be discussed as part of the 2017/18 Annual Plan</p> <p>iv Develop a Detailed Business case for a new Museum to underpin an investment proposal in the 2018-28 Long Term Plan subject to Council signing off on the terms of reference. \$0.3m</p> <p>v Develop a Detailed Business Case for a fit for purpose, future-proofed city library on the 91 Willow Street site to underpin an investment proposal in the 2018-28 Long Term Plan subject to Council signing off on the terms of reference. \$0.4m</p> <p>vi Develop an Indicative Business Case for a 1,000 to 1,200 seat multi-purpose performance venue in the 2018-28 Long Term Plan. \$0.1m</p> <p>(c) Approve the demolition of the Administration Building (Admin Building), as soon as is practically possible, at a cost of \$0.4m.</p> <p>(d) Approves the demolition of the Chambers Building (Building A) and the Customer Service Building (Building C), at a cost of \$0.5m, upon completion of the new Civic Administration Building, unless information is presented in the interim which necessitates their demolition at an earlier time.</p> <p>(e) Continue to seek a private developer to build a hotel on the Council-owned site at 21 – 41 Durham St.</p> <p>(f) Direct staff to explore through the procurement and delivery phase of the project all opportunities to achieve value for money for the community. This is to include undertaking value management to reduce costs without impacting on the level of service and functional requirements of Tauranga City Council.</p> <p>(g) Direct staff to prepare a project establishment report that will identify the project governance and project management structures for the next phases of the project for approval by Council. The project establishment report will include the structure, terms of reference and process for appointing the Civic Heart Technical Advisory Group. One of the key purposes of the Civic Heart Technical Advisory Group will be to guide the delivery of the Civic Heart Programme of work and advise on the Civic Space Options Master Plan over time.</p> <p>(h) Receive the draft Civic Space Options Master Plan as proposed to be finalised by Council following consideration by the Technical Advisory Group</p> <p>(i) Direct staff to develop a project communication strategy and communication plan for approval by Council that ensures the ongoing involvement of individuals and groups in the delivery of the Civic Heart project.</p> <p>(j) Direct staff to prepare a report for incoming Council to provide a comprehensive overview of the Civic Space Options Project.</p> |
| 9-Jun-16 | Civic Space Options – Programme Business Case | <p>Council:</p> <p>(a) Receives the report DC 165 Civic Space Options – Programme Business Case</p> <p>(b) Receive the Civic Space Options Programme Business Case as the basis on which to proceed to the development of the proposed Long Term Plan Amendment.</p> <p>(c) Retain Attachment A (Attachment 12, pgs. 11- 54 only) to Report DC165 in the confidential section due to the need to protect information which is subject to an obligation of confidence.</p> |
| 1-Jun-16 | Civic Space Options – Programme Business Case Adoption. | <p>That it be Resolved</p> <p>That Council:</p> <p>(a) Receives the report DC165 Civic Space Options – Programme Business Case Adoption.</p> <p>(b) Receives the Civic Space Options Programme Business Case as the basis on which to proceed to the development of the proposed Long Term Plan Amendment (LTPA).</p> <p>(c) Retain Attachment A (Attachment 12, pgs. 11- 54 only) to Report DC165 in the confidential section due to the need to protect information which is subject to an obligation of confidence.</p> |
| 27-Apr-16 | Council DC123 Civic Space Options Project Findings and Next Steps | <p>That Council:</p> <p>(a) Agree to use the Civic Space Master Plan three options to complete the Programme Business Case.</p> <p>(b) Approve the use of \$75,000 from the 2015/2016 car parking budget to develop a concept plan for the civic car park and council office building element.</p> <p>(c) Retain tables on pages 12 & 13 of Attachment D to Report DC123 in the Confidential Section due to the need to continue to protect information which is subject to an obligation of confidence.</p> |
| 25-Nov-15 | Council DC358 Civic Spaces Options Project – Strategic Case | <p>That the Council:</p> <p>(a) Receive Report (DC358) – Civic Options Project - Strategic Case</p> <p>(b) Adopt the Strategic Case as the basis on which to proceed to the Economic Case.</p> |
| 22-Oct-15 | Council DC305 Civic Spaces Options Project – Strategic Assessment | <p>That Council:</p> <p>(a) Receive Report (DC 305) – Strategic Assessment - Civic Spaces Options Project</p> <p>(b) Adopt the Strategic Assessment as the basis on which to proceed to the next stage in particular the Problem and Benefit statements in the Investment Logic Map with the deletion of:</p> <ul style="list-style-type: none">• Pg. 4 (pg. 101 of Council agenda), point a (Economic Evidence): “Tauranga is struggling but generally performing well relative to comparable cities” (a statement extracted from the Tauranga City Centre Economic vibrancy 2014 report by Martin Jenkins). <p>(c) Amend the statement “Improved local & regional economic growth” on pgs. 104 & 107 of the Council agenda to “Improved local & regional economic development”.</p> |
| 25-Aug-15 | Council DC258 Council Campus and Civic Facilities – Project Establishment | <p>That the Council:</p> <p>(a) Receives the report DC 258 Council Campus and Civic Facilities – Project Establishment.</p> <p>(b) Approves the project proceeding to the Programme Business Case stage in line with the Project Plan, Project Objective and Project Approach.</p> |
| 22-Jul-15 | Council DC195 Establishing the Project Steering Group for the Civic Campus Project. | <p>That Council:</p> <p>(a) Receives the Report (DC 195) - Establishing the Project Steering Group for the Civic Campus Project.</p> <p>(b) Resolves to appoint Elected Members Edlin and McIntosh, with Mayor Crosby as an alternate, as the Elected Member representatives on the Project Steering Group for the Civic Campus project.</p> <p>(c) Notes that any external appointments to the Project Steering Group will be made by the Chief Executive on the advice of the Project Steering Group in accordance with Council’s Project Management Policy.</p> <p>(d) Notes that the next scoping report from the Project Steering Group would clarify the reporting and decision-making lines back to Council.</p> |

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| | | (e) Notifies and invites all Elected Members to attend all meetings of the Project Steering Group. (f) Appoint Cr Brown as an Elected Member representative on the Project Steering Group for the Civic Campus project. |
| 2-Jun-15 | Council DC130 LTP Deliberations - Council Campus Buildings | That Council: (a) Receive Report (DC 130) – Council Campus Buildings. (b) Confirm the Building Contingency Fund of \$2m, included in the draft Long-Term Plan. (c) Initiate a new project utilising robust business case methodology to assess all the strategic issues and opportunities associated with the future of the campus buildings. |

Appendix 2: 2016 Investment Logic Map



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Appendix 3: Tauranga City Council's Risk Assessment Matrix

| | | Consequence Rating' | | | | |
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| | | Low | Minor | Moderate | Significant | Severe |
| Likelihood Rating | Almost Certain >90% | Moderate | High | Critical | Critical | Critical |
| | Likely 61-90% | Moderate | High | High | Critical | Critical |
| | Possible 26-60% | Low | Moderate | High | High | Critical |
| | Unlikely 2-25% | Low | Moderate | Moderate | High | High |
| | Rare <2% | Low | Low | Low | Moderate | High |

Appendix 4: Summary of identified business needs

| Business need | Summary | Strategy alignment |
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| Pou: Te Papa Kouhura - A wellspring of wellbeing: | Aligns to the health of the water, ocean and underground aquifer. The lifecycle of water, a well-spring of well-being, an intergenerational treasure, a conduit and connector for people and the environment. | Te Rapunga Ora ki Te Papa City Centre Action and Investment Plan 2022 – 2032 |
| Pou: Te Papa Manawa Whenua - A place of prosperity | Acknowledges the well-being of the land and the environment. Our custodianship or the responsibility to take care of the natural world and the reciprocal benefits for people. | |
| Pou: Te Papa Kainga o Te Iwi - The home of the people | Acknowledges the resilient nature of the people of our city centre, historically and today, to remain steadfast in the face of adversity. This enduring spirit highlights the value of physical, mental, and spiritual wellbeing as well as the wellbeing of family, the importance of education, and our role as hosts to care for our visitors and the community. | |
| Pou: Te Papa Nga Waka - The landing place for many | Highlights the intrinsic value of connection associated with the city centre, as the epicentre of the sub-region. The wayfinding, navigation and networking qualities of the city centre, but also people's personal journeys, inspiring their growth and empowering their aspirations. | |
| Enhancing Te Aō Māori & embracing cultural heritage | Protect our sites of heritage and cultural significance. | Te Rapunga Ora ki Te Papa City Centre Action and Investment Plan 2022 – 2032 |
| | Work with tangata whenua to identify opportunities to grow and develop events that reflect our culture and history. | Arts, Culture and Heritage Action and Investment Plan January 2023 (Draft) |
| | Reinforce the cultural foundations provided by mana whenua, increasing understanding and awareness of the status of mana whenua and the uniqueness of Tauranga Moana | |
| Enhancing our natural environment | Make our city greener, enhancing biodiversity and amenity. | Te Rapunga Ora ki Te Papa City Centre Action and Investment Plan 2022 – 2032 |
| | Recognise the important role green spaces play in the city centre experience. | Arts, Culture and Heritage Action and Investment Plan January 2023 (Draft) |
| | Eliminate barriers in the physical environments of our city: enabling people to access the amazing places and spaces and the full range of activities and events hosted in them. | |
| Building a low-carbon future | Transition to a low carbon economy that protects and enhances Tauranga Moana as the great place it is to live, learn, work and play. | Western Bay Economic Strategy |
| | Improve public transport access and user experience to, from and through the city centre. | Te Rapunga Ora ki Te Papa City Centre Action and Investment Plan 2022 – 2032 |
| | Prioritise people walking within our city centre, making the city centre an attractive, safe environment for all. | |
| | Make the city centre a safe and easy place to get around by bike. | |
| Supports a sustainable events industry | Work with iwi and hapū to identify opportunities to grow and develop events that reflect our culture and history, including Te Wiki o Te Reo, Matariki and other key cultural events that increase knowledge and understanding of Te Aō Māori and our unique local stories. | Tauranga Events Action and Investment Plan 2022 – 2032 |
| | Identify programmes to activate centres and spaces and places. Initial focus is on the city centre in line with strategic direction. | Western Bay Economic Strategy |
| | Develop a sustainable supply of work-ready talent to support local businesses and industries. | |
| | Capacity and capability growth of Tauranga's creative sector | Arts, Culture and Heritage Action and Investment Plan January 2023 (Draft) |
| City centre safety | Provide a welcoming, safe and engaging environment. | Te Rapunga Ora ki Te Papa City Centre Action and Investment Plan 2022 – 2032 |

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Appendix 5: Full multi-criteria analysis

| rationale> | | | Inv estor: TCC Commissioners Facilitator: Edward Guy Initial Workshop: Version No.: 1.0 Last Modified by: 26/05/2023 | | | | | | |
|--|--|------|--|----------------------------------|-------------------------------|-------------------------|-------------------------|------------------------|-----|
| | | | Activity options | | | | | | |
| | | | Option 1 | Option 2 | Option 3 | Option 4 | Option 5 | Option 6 | |
| | | | Do Min | Long Term Plan 2021-31 | Extending Cultural Connection | Te Manawataki o Te Papa | Te Manawataki o Te Papa | Commercial Arrangement | |
| | | | Full Public Realm | Library and Community Hub focus. | Option 2 + | Option 3 Single Stage | Multi-Stage | Highest and Best Use | |
| | | | Site A Establishment | | | | | Site A Establishment | |
| | | | Street Upgrades | | | | | Street Upgrades | |
| | | | Civic Plaza | | | | | | |
| | | | | Library & Community | | | | | |
| | | | | Masonic Park | | | | | |
| | | | | | Wharf & Waterfront | | | | |
| | | | | | Civic Whare | | | | |
| | | | | | | Museum & Exhibition | Museum & Exhibition | | |
| | | | | | | Art Gallery | Art Gallery | | |
| | | | Baycourt | Baycourt | | | | | |
| Investment Objectives | | | Relative Importance of | 14% | 33% | 59% | 100% | 90% | 28% |
| Investment Objective 1 | Improved central city vibrancy & liveability. | 40% | 20% | 40% | 60% | 100% | 90% | 10% | |
| Investment Objective 2 | Increased local & regional sustainable development. | 35% | 10% | 20% | 50% | 100% | 90% | 60% | |
| Investment Objective 3 | Enhanced inclusiveness, sense of belonging and cultural identity | 25% | 10% | 40% | 70% | 100% | 90% | 10% | |
| | | | 100% | | | | | | |
| Cost | | | | | | | | | |
| Total Cost (millions) | | | \$ 95 | \$ 348 | \$ 444 | \$ 703 | \$ 763 | \$ 45 | |
| Capital Cost (NPV not possible as programme not available for all | | | \$ 35 | \$ 136 | \$ 177 | \$ 310 | \$ 370 | \$ 19 | |
| NPV Net Operational Costs (60 years) | | | \$ 60 | \$ 212 | \$ 267 | \$ 393 | \$ 393 | \$ 26 | |
| Cost Benefit Analysis | | | | | | | | | |
| NPV (millions) | | | | | | \$ 113 | | | |
| CBA | | | | | | 1.17 | | | |
| Risks | | | | | | | | | |
| Technical - can it be delivered? | 20% | L | M | M | M | M | H | | |
| Operational - how easy will it be to manage going forward? | 20% | L | L | L | M | M | L | | |
| Financial - Financial certainty, statbility? | 20% | L | L | M | H | H | L | | |
| Legal - will it be challenged? | 10% | M | M | M | M | M | H | | |
| Political - will it be supported by the politicians? | 10% | H | M | M | M | M | H | | |
| Economic - Delivery of economic benefit certainty? | 10% | L | L | M | M | M | L | | |
| Partners/Stakeholder/Public - will it be supported? | 10% | H | M | M | M | H | H | | |
| | | 100% | | | | | | | |
| Business Needs | | | | | | | | | |
| Te Tiriti o Waitangi / Te Ao Māori | 10% | L | L | M | H | H | L | | |
| Pou: Te Papa Kouhura - A wellspring of wellbeing | 10% | M | M | M | H | H | L | | |
| Pou: Te Papa Manawa Whenua - A place of prosperity | 10% | H | M | M | H | H | L | | |
| Pou: Te Papa Kainga o Te Iwi - The home of the people | 10% | L | L | M | H | H | L | | |
| Pou: Te Papa Nga Waka - The landing place for many | 10% | L | L | M | H | H | L | | |
| Enhancing Te Ao Māori & embracing cultural Heritage (Arts, Culture and | 10% | L | L | H | H | H | L | | |
| Enhancing our natural Environment (Te Rapunga Ora ki Te Papa City | 10% | L | M | M | M | M | L | | |
| Building a low-carbon future (Te Rapunga Ora ki Te Papa City Centre | 10% | M | M | M | M | M | L | | |
| Supporting a sustainable events industry (Tauranga Events Action and | 10% | L | M | M | H | H | M | | |
| City centre safety (Te Rapunga Ora ki Te Papa City Centre Action and | 10% | M | M | M | M | M | L | | |
| | | 100% | | | | | | | |
| Ranking | | | | | | | | | |
| Score | | 3.50 | 3.25 | 3.25 | 3.00 | 3.75 | 4.00 | | |
| Ranking | | 4 | 2 | 2 | 1 | 5 | 6 | | |





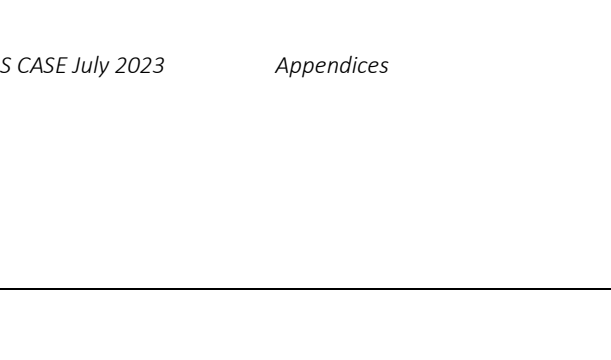
Appendix 6: Provision of Services

COMMUNITY HUB



| Target Market | Iwi/Hapu/Māori | City Centre | Te Papa | Tauranga City | Sub-regional | Regional | National | International |
|---|----------------|-------------|----------|---------------|--------------|----------|----------|---------------|
| SERVICE | | | | | | | | |
| Museum | | | | | | | | |
| Permanent & static displays | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Changing interactive & immersive exhibits | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Touring temporary exhibits (ticketed) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Gateway to key heritage sites (Waharoa) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Off-site and in-school object lending services | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Interactive educational / discovery displays | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Play, story telling and creativity spaces (children) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| School holiday programmes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Education programmes - NZ history curriculum | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Adult education - history | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Private hire community meeting rooms (24m²) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Community bookable space (200m²) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Museum kai (cafe - 115m²) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Creative maker spaces (wet and dry workshops) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Retail - museum and exhibition focus | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Hireable lockers and bag storage | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Self-catering whanau space - multi-use including food | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Preparation of exhibition displays | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Research service | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Regional services - research & advice | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Lectures on culture, heritage and arts | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Empowering communities to tell their own stories | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| On-site storage | No | No | No | No | No | No | No | No |
| Exhibition Centre | | | | | | | | |
| Touring large exhibitions (ticketed) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Local exhibitions (presented by TCC, local orgs) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Space to support programming Museum, Art Gallery | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Flexible spaces for TCC hosted / community / private functions | Possible | Possible | Possible | Possible | Possible | Possible | Possible | Possible |
| Commercial kitchen (L1) | Possible | Possible | Possible | Possible | Possible | Possible | Possible | Possible |
| Plating kitchen (L2) | Possible | Possible | Possible | Possible | Possible | Possible | Possible | Possible |
| Full service banquet events | Possible | Possible | Possible | Possible | Possible | Possible | Possible | Possible |
| Break-out space for large conferences | Possible | Possible | Possible | Possible | Possible | Possible | Possible | Possible |
| Small conferences | Possible | Possible | Possible | Possible | Possible | Possible | Possible | Possible |
| Mid-range expos | Possible | Possible | Possible | Possible | Possible | Possible | Possible | Possible |
| Ceremonies (e.g. sport / arts / business awards) | Possible | Possible | Possible | Possible | Possible | Possible | Possible | Possible |
| Pop-up cinema | Possible | Possible | Possible | Possible | Possible | Possible | Possible | Possible |
| General events (e.g. AGMs) | Possible | Possible | Possible | Possible | Possible | Possible | Possible | Possible |
| Funerals / weddings & celebrations | Possible | Possible | Possible | Possible | Possible | Possible | Possible | Possible |
| School holiday programmes | No | No | No | No | No | No | No | No |
| Music / dance / rave / ball events | No | No | No | No | No | No | No | No |
| Civic Whare A leading example of a modern partnership approach with Māori that demonstrates Te Tiriti o Waitangi principles; TCC's Te Ao Māori strategic approach; and celebrates the culture and heritage of Tauranga Moa | | | | | | | | |
| Formal community meeting house (incl. Council meetings) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Special cultural events (citizenship ceremonies) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Formal welcome - dignitaries / VIPs / other iwi & hapū | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Graduation celebrations | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Significant decision-making | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Council led engagement / information sessions (Council projects) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Youth Council meetings | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Catering / gathering space | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Flexible council, conference, whaikorero, breakout & gathering space | Yes | Yes | Yes | Yes | | | | |

PUBLIC REALM

| Public Realm Preferred Service Delivery | | | | | | | KEY | | |
|--|--|---|-------------|---------|---------------|----------|----------|---------------|--|
| Target Market, Market Segmentation - Product Differentiation | | | | | | | Yes | | |
| | | | | | | | Possible | | |
| | | | | | | | No | | |
| SERVICE | Target Market | Iwi/Hapu/Māori | City Centre | Te Papa | Tauranga City | Regional | National | International | |
| HEART | | | | | | | | | |
| <u>Visitor Use, Experience & Services</u> | | | | | | | | | |
|  | Commercial | | | | | | | | |
| | Iwi/Hapu/Māori Enterprise | | | | | | | | |
| | Al fresco Hospitality | | | | | | | | |
| | Commercial Tours | | | | | | | | |
| | Commercial Events (Arts, Bands, Dance) | | | | | | | | |
| | Micro-mobility | | | | | | | | |
| | Programme Delivery/Management/Coordination | | | | | | | | |
| | Stage use | | | | | | | | |
| | Rental and Hire (bikes, kayaks) | Possible | | | | | | | |
| | Commercial Leases (tenancies) | Possible | | | | | | | |
| | Hospitality - Food & Beverage | No | | | | | | | |
| | Retail (Convenience, Newsagent, Gifts) | No | | | | | | | |
| | User Pays (Wharf fees) | No | | | | | | | |
| Ticketing Centre | No | | | | | | | | |
| Temporary Storage (Bike, Luggage) | No | | | | | | | | |
|  | Destination Experience | | | | | | | | |
| | Iwi/Hapu/Māori Presence & Experiences | | | | | | | | |
| | Te Ao Māori (Interpretation) | | | | | | | | |
| | Visitor Tours | | | | | | | | |
| | Visitor App | | | | | | | | |
| | Sculpture Gardens | | | | | | | | |
| | Dwell Spaces - Street furniture, grassy knoll, bean bags) | | | | | | | | |
| | Relaxation, Contemplation, Restorative Space | | | | | | | | |
| | Ecological Experience and Education | | | | | | | | |
| | Interpretation | | | | | | | | |
| | Family Play and Discovery, Games | | | | | | | | |
| | Interactive Displays/Exhibitions using technology | | | | | | | | |
| | Curated Temporary Displays | | | | | | | | |
| Lighting Experience | | | | | | | | | |
| Destination Curation | | | | | | | | | |
|  | Destination Services | | | | | | | | |
| | Transport and Accessibility | | | | | | | | |
| | Wayfinding (Bilingual) | | | | | | | | |
| | Parking | | | | | | | | |
| | Accessible Bathrooms & Toilets | | | | | | | | |
| | Accessible outdoor Showers | | | | | | | | |
| | Night Lighting | | | | | | | | |
| | Crime Prevention Through Environmental Design - CPTED | | | | | | | | |
| |  | Community Use | | | | | | | |
| | | Markets (Farmers) | | | | | | | |
| | | Celebrations (Matariki, Te Tiriti, ANZAC Day) | | | | | | | |
| | | Festivals (Busker) | | | | | | | |
| | | Public Concerts (Jazz) | | | | | | | |
| Protests (Greenpeace) | | | | | | | | | |
| Free Events (Outdoor movies, Arty Displays, Lighting) | | | | | | | | | |
| Organised Gatherings | | | | | | | | | |
| Exhibitions (Arts and Culture) | | | | | | | | | |
| Bookable Community Event Spaces | | | | | | | | | |
| Booking/Programme Delivery/Management/Coordination | | | | | | | | | |
| Politics - speaker corners etc. | | | | | | | | | |
|  | | Marine Wharf and Pavilion | | | | | | | |
| | Iwi/Hapu/Māori Enterprise | | | | | | | | |
| | Iwi/Hapu/Māori Presence & Experiences | | | | | | | | |
| | Te Ao Māori Interpretation | | | | | | | | |
| | Hospitality - Food & Beverage | | | | | | | | |
| | Al fresco Hospitality | | | | | | | | |
| | Marine Tourism (i.e. Queenstown) | | | | | | | | |
| | Craft Hire (Kayaks) | | | | | | | | |
| | Event Space | | | | | | | | |
| | Public Docking (Visitor) | | | | | | | | |
| | Commercial Docking (Charters) | | | | | | | | |
| | Entertainment | | | | | | | | |
| | Education | | | | | | | | |
| Accessible Bathrooms & Toilets | | | | | | | | | |
| Transport - Water Taxi | Possible | | | | | | | | |
| Retail | Possible | | | | | | | | |
| Float Planes | Possible | | | | | | | | |
| Allocated Moorings | No | | | | | | | | |

Appendix 7: Summary table of levels of service by activity

| Te Manawataki : Summary Table of Levels of Services by Activity | | | | | | | |
|---|---|--|--|--|--|--|---|
| | Community Hub | Museum and Exhibition Centre | Whare | Baycourt | Open Space (Campus, Masonic Park) | Streetscapes (Strand, Wharf, Willow, Hamilton, Durham Streets) | Strand Waterfront Reserve, Central Plaza Wharf, Waterfront Central Plaza |
| Business Operation | Consistent hours of opening are important to customers of the library. Customer services to align with normal business hours, So library and perhaps ISite >Open 9-5 weekdays and 9.30 to 4 during the weekends works well and is the same across the library network >Possibly 2 to 3 nights a week until 7 for the central library >Contributor to programmed events but care needed not to overstretch and have an empty building after 7pm | Likely business hours 9-5 during winter and 9-6 during summer >extra hours as needed for specific events and exhibitions >late nights targeted probably for Thurs/Fri/Sat >Key contributor to programmed events | As needed primarily for council meetings, civic functions and >Opportunity to use for significant public events >Could link to Museum activities >Ideal for upto 100 people for targeted events >Community use is also possible for the right things | Existing hours of business will be sufficient and also a key contributor to programmed events | 24 hours a day and part of the programming of events across TMOTP, including the Waterfront | 24 hours a day | 24 hours a day and contributor to programmed events |
| Utilisation (attendance PAX) | higher levels of use than current business activity | 60,000 paying customers per annum with significant local interest (Rationale forecasts?) | used three days a week for council related activities plus other functions as needed | similar to current activities in the theatre, exhibition and other spaces but recognise there is an upside to business opportunities from an activated city centre | Step up with higher levels of use | Higher levels of use and activity | Step up with higher levels of use and activity |
| Product Offering (no of events or exhibitions) | Customer Services, Central Library (incl meeting rooms and café) and ISite outlet | Permanent Display in Museum and 4 exhibitions and at least 4 other community events each year in the Exhibition Centre | Council meetings and workshops, Monthly Citizenship Ceremony, Civic and VIP Events | existing offerings but could develop a wider range as Te Manawataki develops its potential | One event a week for markets, displays, festivals and concerts >Communication and marketing of What's On >artists invited to perform >food concessions available >Specific Festivals in Dec-Feb - referencing the Festival of Lights at New Plymouth | Complement the other outdoor areas | One event a week for markets, displays, festivals and concerts |
| Pricing Strategy | Free (except venue rooms and café) | \$20 per visit with discount for locals, likely to be free for permanent museum display | Fees and charges to Democracy Activity and Other Revenue from external entities as requested | Existing Fees & Charges | Substantially free but with some revenue opportunities from events and mobile shop operators | Free | Substantially free but some revenue opportunities from events and mobile operations |
| Education and Visitor Programmes | Yes, library programmes | Yes, group tours | Possible | Existing programmes | Yes, weekly historic tours | No | Unlikely |
| Catering | 7 days a week as a Café | Café, commercial kitchen and out-catering to other activity areas (7 days a week) | No, receive service from Museum activity | Externally sourced as needed | External providers | External providers | External providers |
| Retail | ISite Shop, Citizen Advice Bureau | Museum retail upto 65 hours a week | No | No | Possible LTOs | Possible LTOs | Possible LTOs |
| Specialist Shared Services Group | Providing business development and programming, event facilitation, building and security services, event co-ordination and management and event delivery across Te Manawataki and other venues (Cargo Shed, extended Waterfront areas, historic sites, Art Gallery) | | | | | | |