ATTACHMENTS MINUTES

Ordinary Council meeting

Monday, 24 July 2023

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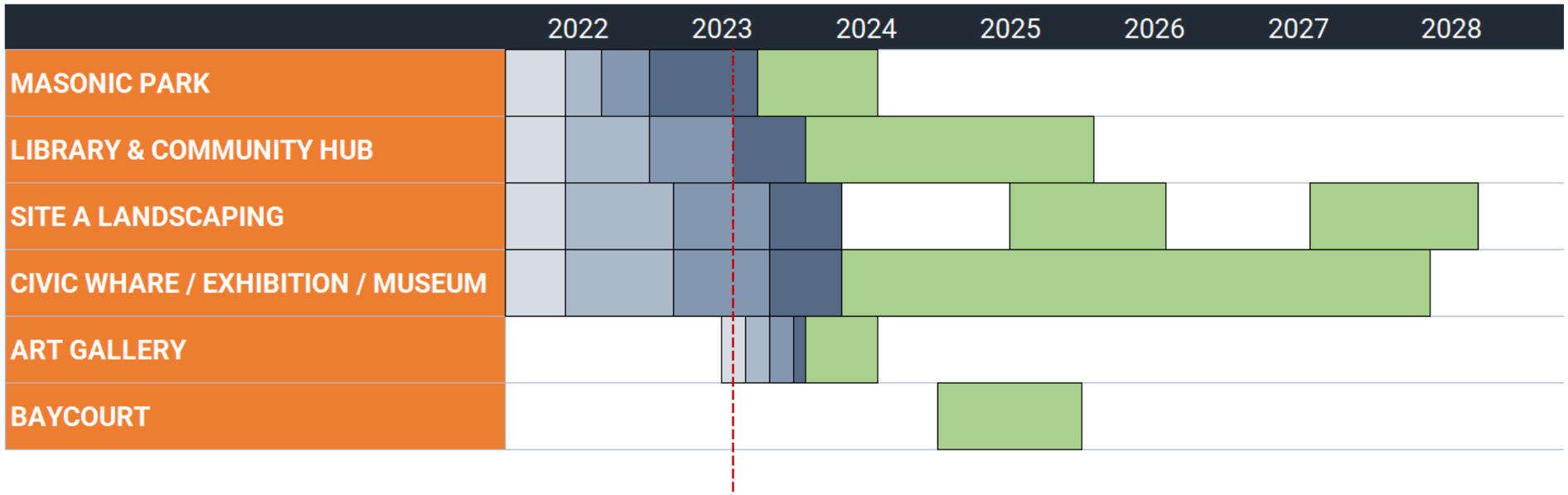
TE MANAWATAKI O TE PAPA
DESIGN AND COST UPDATE REPORT

Council Meeting 24 July 2023

Tauranga City

WILLIS BOND

PROJECT STATUS



Key:

Concept design | Preliminary design | Developed design | Detailed design / procurement | Construction

Note: The programme excludes Council commissioning and fitout

Key design updates:

- Entry alignments shifted
- Pātaka experience improved
- Increased visibility into ground floor activities
- Façade performance and efficiencies
- Meeting room strategy updated
- Spatial efficiencies and development to mezzanine and staff spaces

LIBRARY & COMMUNITY HUB

COST UPDATE

VALUE ENGINEERING TARGETS

Although not yet specifically identified as a variation target in this report, it may be possible to achieve the remaining $235,000 through further investigation and coordination across the design team.

Location	December 2022 Estimate	July 2023 Estimate	% change to Dec
Library & Community Hub	$91.50 m	$93.25 m	
Difference		**$1.75 m**	**1.91%**
VE Targeted reduction		$1.51 m	
Remaining variance		**$0.24 m**	**0.26%**

CONTINGENCY & ESCALATION

Item	Contingency %	Contingency $	Escalation %	Escalation $
Library & Community Hub	10%	$8.55m	7.5%	$4.69m

EXHIBITION & MUSEUM

Key design updates:

- Flexible ground floor space
- Museum structure to a hybrid mass timber and steel approach
- Open plant relocated within the museum volume
- Design exhibition spaces to allow for total blackout
- Key aperture designed to draw visitors into the museum volume
- Upper-level community space to be museum use for items that are not light-sensitive

CIVIC WHARE

Key design updates:

- Layout refined to have clear separations between the public and councilors
- Private kitchenette and toilets introduced for councilors
- Layout of Ātea a Tu refined to accommodate flexible meeting types and event styles

CWEM

Cost

CWEM COST COMPARISON

CWEM is currently partway through developed design. The updated RLB cost estimate date represents a difference of $3.50 million to the December 2022 Preliminary Design and Cost figure. There is a value engineering target of $0.8 million that has been identified, along with a further list of items to investigate as the project progresses through the developed design stage.

Location	December 2022 Estimate*	July 2023 Estimate	% change to Dec
Exhibition and Museum	$110.55 m	$114.00 m	
Civic Whare	$15.50 m	$15.55 m	
Total	**$126.05 m**	**$129.55 m**	
Difference		**$3.50 m**	**2.77%**
VE Targeted reduction		$0.80 m	
Remaining variance		**$2.70 m**	**2.14%**

CONTINGENCY & ESCALATION

Item	Contingency %	Contingency $	Escalation %	Escalation $
Exhibition and museum	10%	$10.54m	16.3%	$11.10m
Civic Whare	10%	$1.47m	14.8%	$1.40m
Total		**$12.01m**		**$12.51m**

SITE A LANDSCAPING

Key design updates:

- Rationalisation of terraces to create a better balance of green / paving
- Inclusion of ‘play trail’ through lower-terrace and mid-terrace
- Refined geometries of stairs to create a sense of arrival to the Ātea
- Paving strategy of 70/30 split between decorative concrete and stone pavers
- Co-ordinated lighting design to emphasise key spaces and provide safe thoroughfare
- Development of amphitheater to help frame the lower terrace and maximise useable space

SITE A LANDSCAPING

Cost

SITE A LANDSCAPING COST COMPARISON

The updated RLB cost estimate dated July 2023 is $17.60 million. This represents a difference of $0.35 million or 2.02% to the December 2022 Preliminary Design and Cost figure. There is a value engineering target of $0.3 million attributed to the Site A Landscaping.

Location	December 2022 Estimate	July 2023 Estimate	% change to Dec
Site A Landscaping	$17.25 m	$17.60 m	
Difference		**$0.35 m**	**2.02%**
VE Targeted reduction		$0.30 m	
Remaining variance		**$0.05 m**	**0.29%**

CONTINGENCY & ESCALATION

Item	Contingency %	Contingency $	Escalation %	Escalation $
Site A Landscaping	21%	$3.01m	10% - 16%	$1.63m

Key design updates:

- Arbor size and scale reduced, material to be painted steel
- Water feature springs design integrated into the paving treatment
- Archaeological site design further progressed
- Lighting design highlighting key spaces and providing for a safe environment
- Pedestrian bridges removed from Willow Street raingardens
- Furniture design updated

MASONIC PARK & WILLOW STREET

Cost

MASONIC PARK AND WILLOW STREET COST COMPARISON

The updated RLB cost estimate dated July 2023 is $17.03 million. This represents a saving of $0.28 million or 1.59% to the December 2022 Preliminary Design and Cost figure.

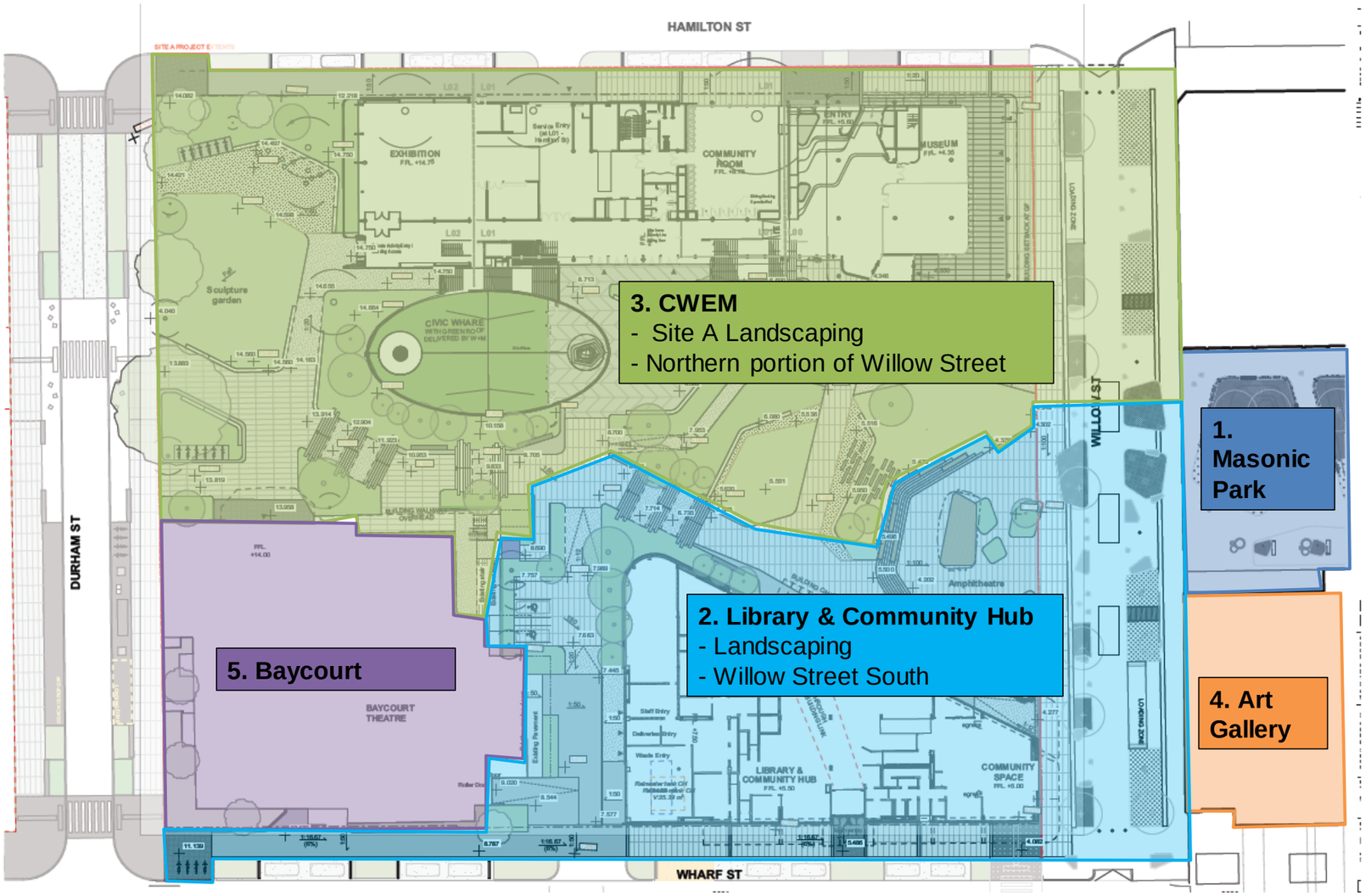
Location	December 2022 Estimate	July 2023 Estimate	% change to Dec
Masonic Park	$9.00 m	$9.08 m	
Willow Street	$8.30 m	$7.95 m	
Total	**$17.30 m**	**$17.03 m**	
Difference		**-$0.28 m**	**-1.59%**

CONTINGENCY & ESCALATION

Item	Contingency %	Contingency $	Escalation %	Escalation $
Masonic Park	20%	$1.61m	6.5%	$0.26m
Willow Street	21%	$1.43m	10% - 16%	$0.79m
Total		**$3.04m**		**$1.05m**

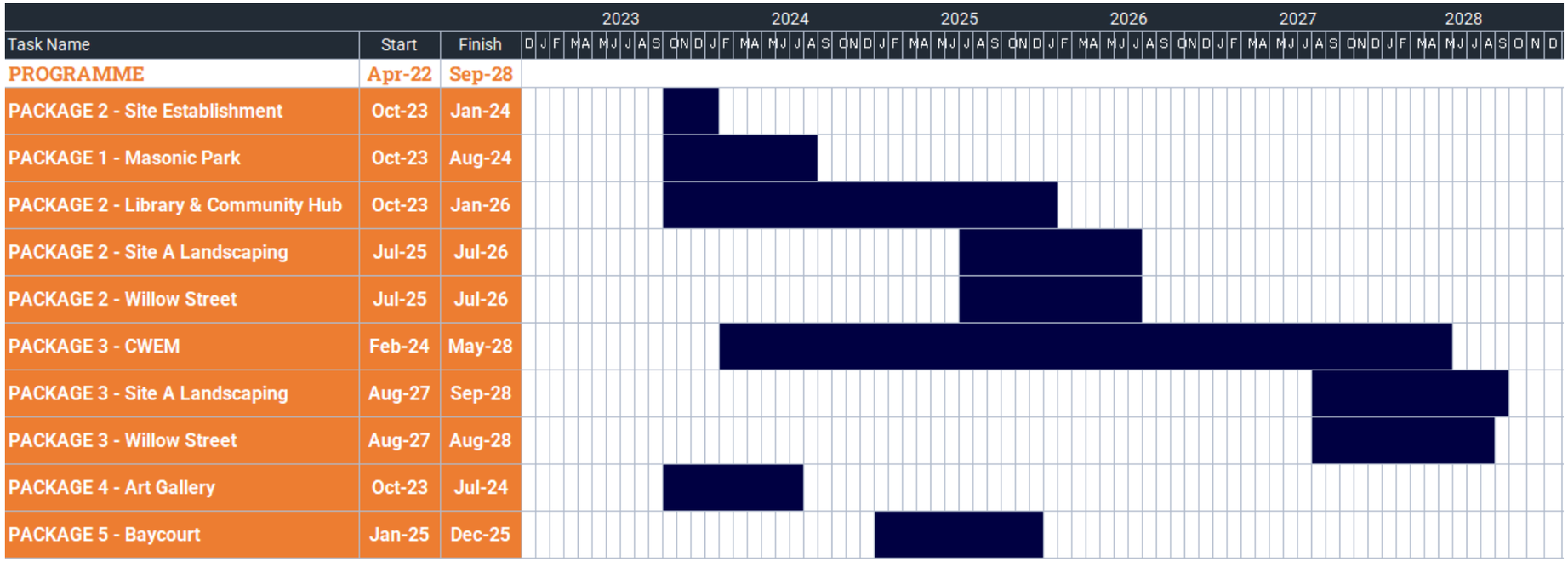
PROJECT PACKAGES

Te Manawataki o Te Papa will be delivered as a series of ‘packages’, staged in a way that maximises efficiency and practicality across the precinct.



CONSTRUCTION PROGRAMME

Task Name	Start	Finish
PROGRAMME	Apr-22	Sep-28
PACKAGE 2 - Site Establishment	Oct-23	Jan-24
PACKAGE 1 - Masonic Park	Oct-23	Aug-24
PACKAGE 2 - Library & Community Hub	Oct-23	Jan-26
PACKAGE 2 - Site A Landscaping	Jul-25	Jul-26
PACKAGE 2 - Willow Street	Jul-25	Jul-26
PACKAGE 3 - CWEM	Feb-24	May-28
PACKAGE 3 - Site A Landscaping	Aug-27	Sep-28
PACKAGE 3 - Willow Street	Aug-27	Aug-28
PACKAGE 4 - Art Gallery	Oct-23	Jul-24
PACKAGE 5 - Baycourt	Jan-25	Dec-25



Note: The programme excludes Council commissioning and fitout

PRECINCT COST UPDATE

NZD in thousands	Site A Civil Establishment	Durham St footpath	Masonic Park	Art Gallery	Library and Community Hub	Wharf St footpath	Baycourt	Willow Street	Civic Plaza	Exhibition and Musuem	Civic Whare	Hamilton St footpath	Total
Construction and infrastructure	4,855	100	5,940	1,890	62,505	1,100	6,565	4,675	10,650	69,220	9,525	970	**177,995**
Escalation	280	10	255	115	4,690	120	810	750	1,630	11,110	1,400	155	**21,325**
Total construction cost	5,135	110	6,195	2,005	67,195	1,220	7,375	5,425	12,280	80,330	10,925	1,125	**199,320**
Direct costs	870	25	1,240	835	14,000	192	1,575	1,155	2,310	17,580	2,400	225	**42,407**
FF&E	-	-	100	100	3,500	-	1,000	-	-	5,800	750	-	**11,250**
Contingency	1,285	15	1,540	440	8,550	313	1,050	1,370	3,010	10,290	1,470	300	**29,633**
Total cost	7,290	150	9,075	3,380	93,245	1,725	11,000	7,950	17,600	114,000	15,545	1,650	**282,610**
GFA*	-	-	-	-	6,001	-	-	-	-	5,619	581	-	
construction cost ($ / m^2)	-	-	-	-	10,257	-	-	-	-	12,048	16,084	-	
Estimated completion date	2024	2024	2024	2024	2026	2026	2025	2026 - 2028	2026 - 2028	2028	2028	2028	**2028**
Contingency (%)	21%	11%	20%	15%	10%	22%	11%	21%	21%	10%	10%	22%	**10%**
Escalation (%)	6%	6%	6.5%	8%	7.5%	10%	12.5%	10 - 16%	10% - 16%	16.3%	14.8%	16%	**7.5%**
December 2022 cost	7,000	150	9,000	1,500	91,500	1,550	11,000	8,300	17,250	110,550	15,500	1,650	**274,950**
July 2023 Variance	290	-	75	1,880	1,745	175	-	-350	350	3,450	45	-	**7,660**
TCC approved budget re allocations		-	-	1,880	-	-	-	-	-	-	-	-	
Net variance to December 2022	290	-	75	-	1,745	175	-	-350	350	3,450	45	-	**5,780**
Value Engineering Targets	-	-	-	-	(1,510)	-	-	-	(300)	(720)	(80)	-	**(2,610)**
Remaining Variance	290	-	75	-	235	175	-	-350	50	2,730	-35	-	**3,170**
Total % variance													**1.15%**

RISKS

- Consenting (particularly in relation to mass timber buildings)
- Sub-contractor capacity
- Ground conditions and existing services diversions
- Client approvals
- Funding
- Scope creep
- Change in governance
- Escalation
- Coordination of Council fitout and commissioning

21 July 2023

PURPOSE OF THE REPORT

1. The purpose of this paper is for the Chair of the Te Manawataki o Te Papa Limited Board (the **Board**) to present the views of the Board on matters contained within the reports.

RECOMMENDATIONS

That the Council:

(a) Receives and notes the report from the Te Manawataki o Te Papa Limited Board.

BACKGROUND

2. In December 2022, Council approved the establishment of a separate council controlled organisation to govern Te Manawataki o Te Papa project delivery – Te Manawataki o Te Papa Limited.

3. As of 30 June 2023, Council has appointed four independent directors to the Board, all who share Council's ambition for the development of vibrant new community spaces in Tauranga's city centre. The Board members bring diverse skills and significant experience in the delivery of large capital projects, on time, within budget, and to stakeholder expectations.

4. The Board have met monthly since April 2023, receiving status updates and independent advice in relation to the design and construction of Te Manawataki o Te Papa. As outlined in these papers, there are a number of significant risks, which is to be expected in a programme of this size and scale. Inherent in the programme are key cost, time, and scope challenges, which the Board are closely monitoring and managing.

5. As the entity responsible for governing the delivery of Te Manawataki o Te Papa projects, the Board is firmly committed to, and actively engaged in, setting up successful strategies and relationships (e.g. mana whenua) to achieve the goals as set out in the 2023-2024 Letter of Expectation, and the 2023-2026 Statement of Intent.

KEY REPORTS

<u>Te Manawataki o Te Papa – Design and Cost Update Report</u>

6. The designs and cost estimates continue to be further refined as design phases progress. Additional confidence in the robustness of the cost estimates will increase as specific designs are finalised. The total cost estimate (including cost escalation and contingencies) has increased from $303.4 million in the December 2022 LTPA, to a total of $306.3 million.

7. Cost estimates include project contingencies of ~10% and average escalation costs of ~7.5%, which are considered necessary and based on current information and sector advice, adequate. The Board intends to retain and preserve sufficient contingencies throughout the life of the programme.

8. The Willis Bond report outlines potential value engineering opportunities of $2.6 million for which Willis Bond have advised the Board that there is a high level of confidence in being achieved.

9. In the current economic climate, and benchmarked with other similar projects, a cost estimate increase of 1.15% at this stage is considered minimal. However, the Board is highly cognisant that Council publicly consulted on a total project budget of $303.4 million and any overspend is very likely to be detrimental to strengthening community perceptions of trust and confidence in Council.

10. As such, the Board have instructed the Council project team to continue actively pursuing all opportunities through the ensuing design phases, to reduce cost estimates further with a view to delivering the programme within the overall project budget.

Te Manawataki o Te Papa – Business Case

11. The Board has received, reviewed, and provided feedback to Council on the Te Manawataki o Te Papa Business Case.

12. Of particular note and significance is the fundamental Business Case premise that delivery of the projects within Site A are interdependent, and to be undertaken as a single-staged, five-year construction programme, planned for completion in September 2028.

13. The capital project costs include proposed fitout costs, which are under ongoing review. Any changes in costs will need to be managed within the constraints of the current budget, or considered through the established approval processes and gateways for this project.

14. Detailed phased cashflow forecasts for the whole-of-life project costs (e.g. capital and operating expenses) are in development and due to be presented to the Board in September 2023.

Te Manawataki o Te Papa – Financial Strategy

15. The Board has received and provided feedback on Council's Financial Strategy to support delivery of the Te Manawataki o Te Papa budgeted capital works programme.

16. Early procurement of key structural elements (e.g. timber and steel for the Library and Community Hub building) presents an opportunity for the Board to manage cost escalation by recommending Council locking in supply in the near term, at current pricing. The Board has received timber supply options, which will be presented for consideration at the next Board meeting, once Council approves the Business Case.

17. Detailed cashflow forecasts are underway, as mentioned above, and will subsequently provide the Board with the opportunity to test and seek assurance that the ratepayer funded vs. external funded assumptions and parameters (timing and value), will be achieved.

18. The Board is cognisant of the critical necessity for ongoing Council support of this Funding Strategy, to ensure delivery of the full, single-staged programme which will in turn, realise the full community outcomes intend from this significant investment.

Asset Realisation Reserve

19. The Board has received and provided feedback to Council on the proposal to establish an Asset Realisation Reserve as a funding option for capital projects, with Te Manawataki o Te Papa being the first of these.

20. Funding the programme remains a critical risk, however the Board has gained further confidence from information presented in the proposed Asset Realisation Reserve paper. Noting in particular, the independent review undertaken by KPMG which, whilst generally supportive of the methodology and sensitivities applied, makes several recommendations and highlights material issues regarding the saleability and pricing of certain properties.

21. As detailed in the Te Manawataki o Te Papa Financial Strategy, the Board supports Council's commitment to fund the programme of works by maximising external funding sources, including grants and development contributions, before utilising funds generated through the Airport Activity and/or the Asset Realisation Reserve.

Willis Bond – Development Management Agreement

22. The Board has received and provided feedback to Council on the Development Management Agreement appointing Willis Bond as Council's Development Manager for delivery of Te Manawataki o Te Papa.

23. An independent benchmarking exercise of the Willis Bond fee was recently undertaken, which provided confidence to the Board that the costs presented value for money to Council. In the Board's opinion, the proposed fee structure was also considered to be reflective of the risk and project complexities.

24. In appointing Willis Bond, the Board expects there will be additional benefit from an active application of learnings from Council's 90 Devonport Road project, and other recent similar scale and complexity projects.

25. Additionally, the expertise demonstrated by Willis Bond promotes an effective pathway to managing and resolving key project risks such as construction complexities and most importantly, consenting risk. Te Manawataki o Te Papa presents a significant step-change opportunity for Council to look at ways to deliver consenting support more efficiently and effectively.

Tauranga Moana Waterfront – Updated Masterplan

26. The Board received the Tauranga Moana Waterfront update report.

27. As these projects have been recently added to the governance scope of the Board, a workshop has been scheduled next month to enable a more detailed review of the projects risks and opportunities.

Te Manawataki o Te Papa

Business Case – presentation to Council

24 July 2023

Tauranga City

rationale

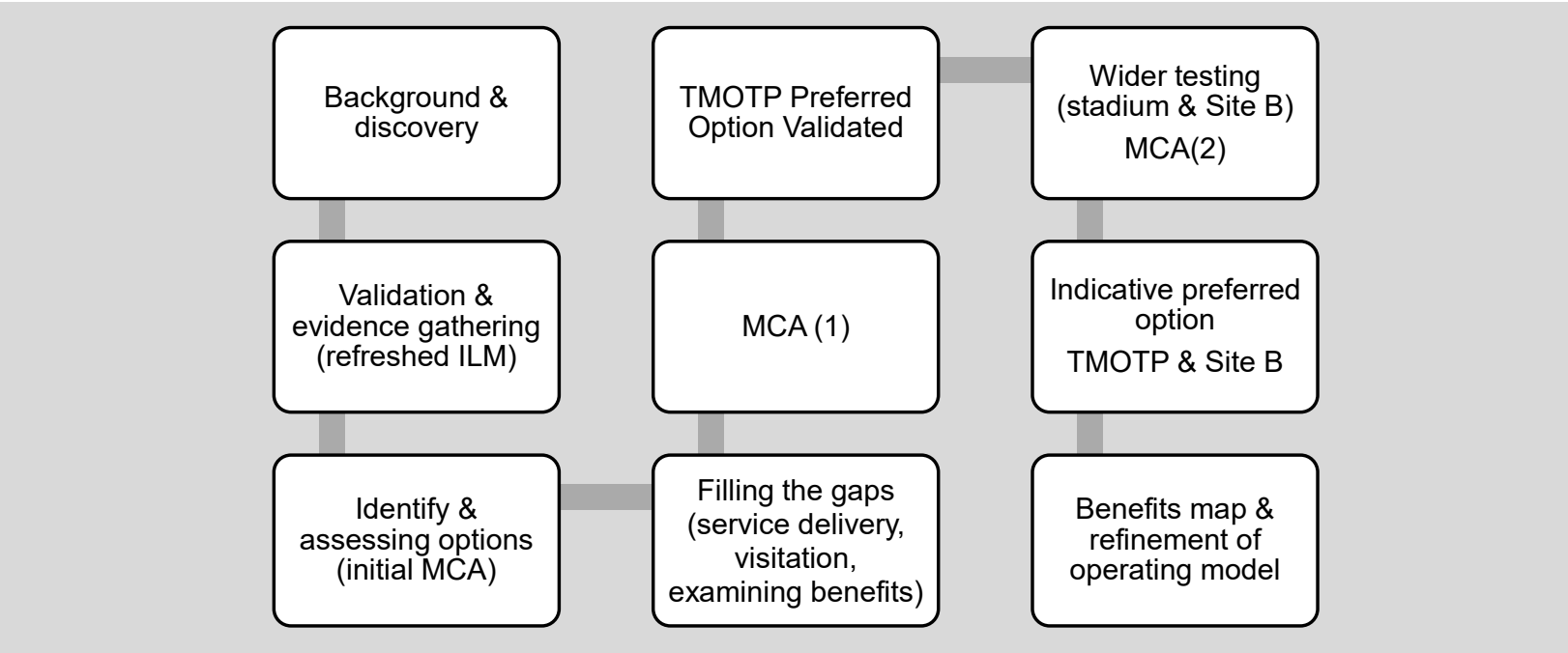
Approach

- Premise is to seek to re-confirm the validity of TMOTP to ensure we deliver the best value for our communities.
- Guided by NZ Treasury's Better Business Case model

History

Getting the heart of our city pumping
2014
Toxic black mould discovered in Council office buildings on Willow Street, with further investigation revealing weather-tightness problems and earthquake risks
2015
In response to issues with the Willow Street building, during the 2015-2025 Long-term Plan process, the community agrees to explore what future civic spaces could look like and the role the area could play in reinvigorating the heart of the city
2016
Council undertakes extensive community consultation on a Long-term Plan Amendment outlining masterplan options, bringing together city centre facilities including a civic administration building, open spaces, car parking, museum, library and performance venue – but no action is taken
Adoption of the Civic Space Options Programme Business Case
Assessment of buildings and demolition of council administration building
2017
Council considers options for the future location of sites for a new museum
2018
July 2018
Council signs partnership agreement for 12 years with developers Willis Bond
2018
Council adopts the Civic Precinct Masterplan
2019
Period of inaction
2021
December 2021
Council adopts Te Manawataki o Te Papa (Civic Precinct) Masterplan (Refreshed 2021)
2022
January 2022
The Customer Service Centre opens as Stage One of He Puna Manawa
February 2022
Council decides to include Te Manawataki o Te Papa (Civic Masterplan) as an option in a Long-term Plan Amendment for community consultation
February 2022
Council approves Te Manawataki o Te Papa Governance and Project Structure
April 2022
Central library opens to complete He Puna Manawa
May 2022
Council approves the Te Manawataki o Te Papa Masterplan at a capital cost of $303.4 million, for inclusion in the Long-term Plan Amendment 2021-31
June 2022
Council adopts the Long-term Plan Amendment 2021-2031, which approves a $303.4 million investment in developing the city centre over eight years through the Te Manawataki o Te Papa Masterplan
September 2022
September 2022 Demolition of Willow Street buildings complete
October 2022
Council approves the establishment of a CCO Charitable Trust with Otamataha Trust (mana whenua) to enable co-ownership of Site A of the Civic Precinct
November 2022
Site A formal agreement signed by Tauranga City Council and Otamataha Trust
December 2022
Council adopts preliminary design plans and costings for Te Manawataki o Te Papa
December 2022
Council approves establishment of a new council-controlled organisation, to lead delivery of Te Manawataki o Te Papa projects, and potentially other significant council-led capital projects
2023
March 2023
Appointment of CCO board members for Te Manawataki O Te Papa

Process to **seek to** validate TMOTP

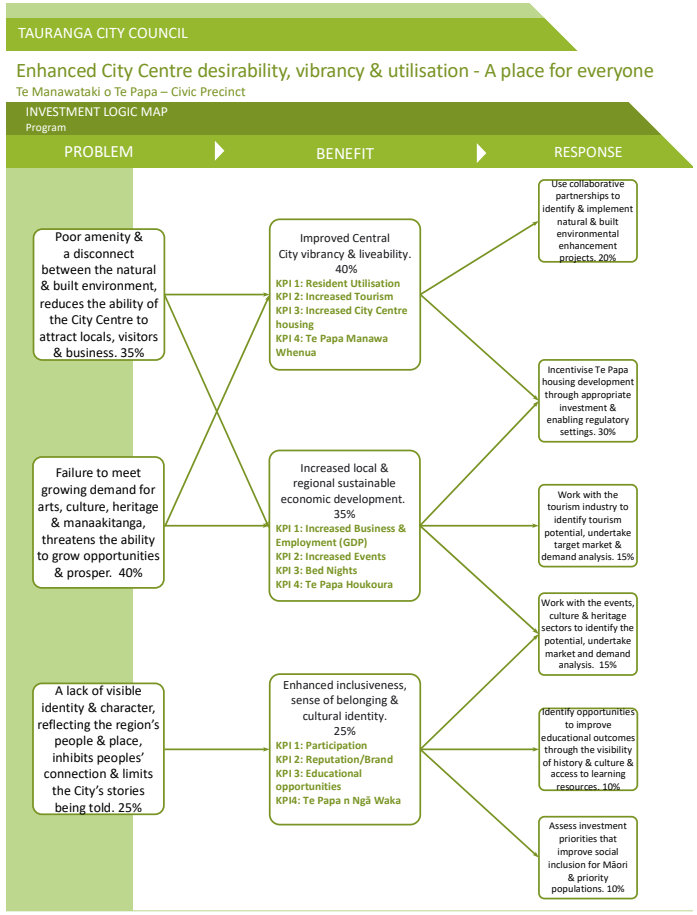


SMART Investment Objectives

1. To improve central city vibrancy and liveability by attracting 2,000,000 visits per annum to TMOTP by 2035.

2. To increase the present value of local and regional economic output by $500 million and wider economic benefits of $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 community hub visits, with 60% of residents being prepared to recommend Tauranga as a visitor destination by 2035.



Investment Logic Map

rationale >
Te Manawataki o Te Papa
The Heartbeat of Te Papa

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%	95%	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, stability?	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 Kauhura - 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		3.30	3.25	3.25	3.00	3.75	4.00
Ranking		4	2	2	1	5	6

Tauranga City

Multi- Criteria Analysis (MCA)

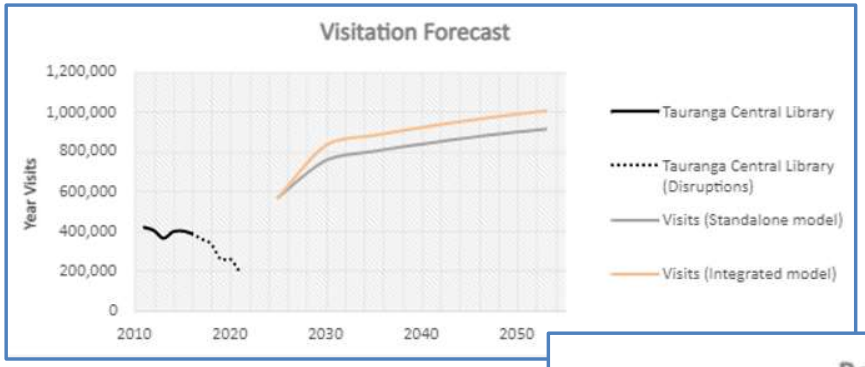
TMOTP visitation
Rationale's modelling

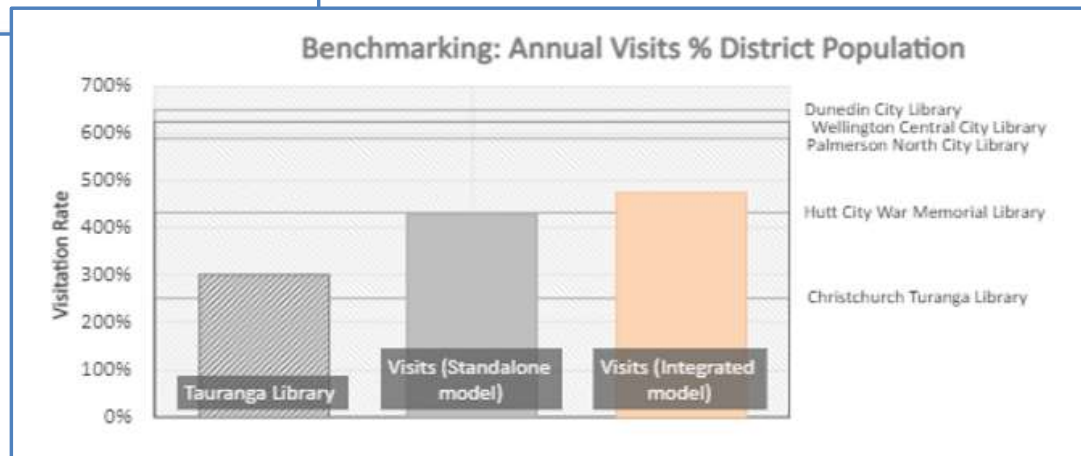
- 1,981,487 annual visits to TMOTP by 2035 averaging about 5,500 people a day.
- In 30 years (2053), visits will reach nearly 2.3 million annually (6,300 people a day).
- For comparison, current foot traffic on the corner of The Strand and Wharf Street averages 1,613 people a day.

Forecasted visitation to TMOTP (Site A) over 30 years

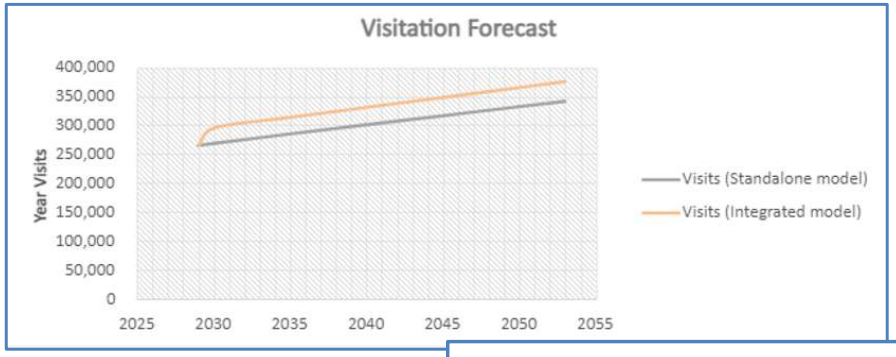
	2025	2030	2035	2040	2045	2050	2053
Total visits		1,869,103	1,981,487	2,078,404	2,166,248	2,248,068	2,293,551

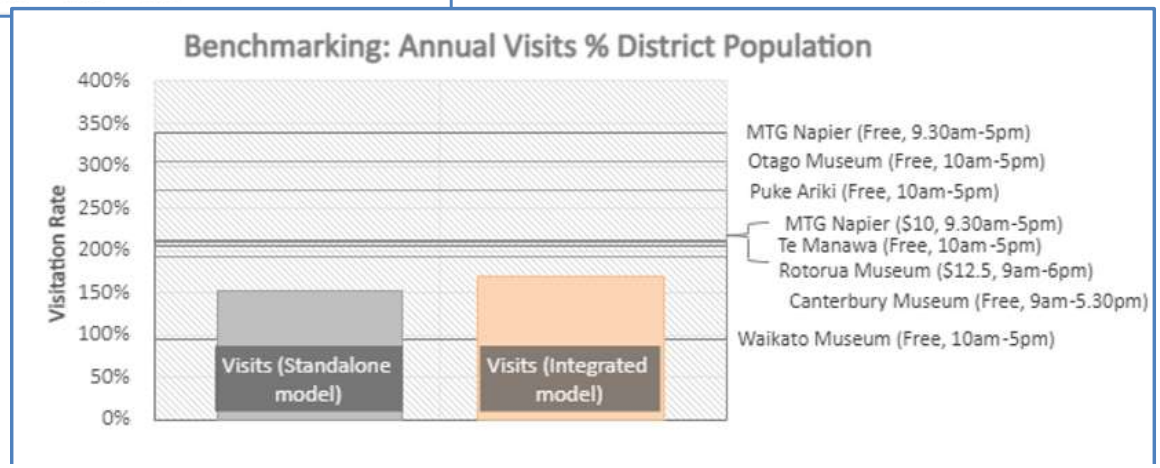
Community hub visitation





Museum visitation





Wider Benefits

GHD's analysis

- TMOTP will 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% discount rate.

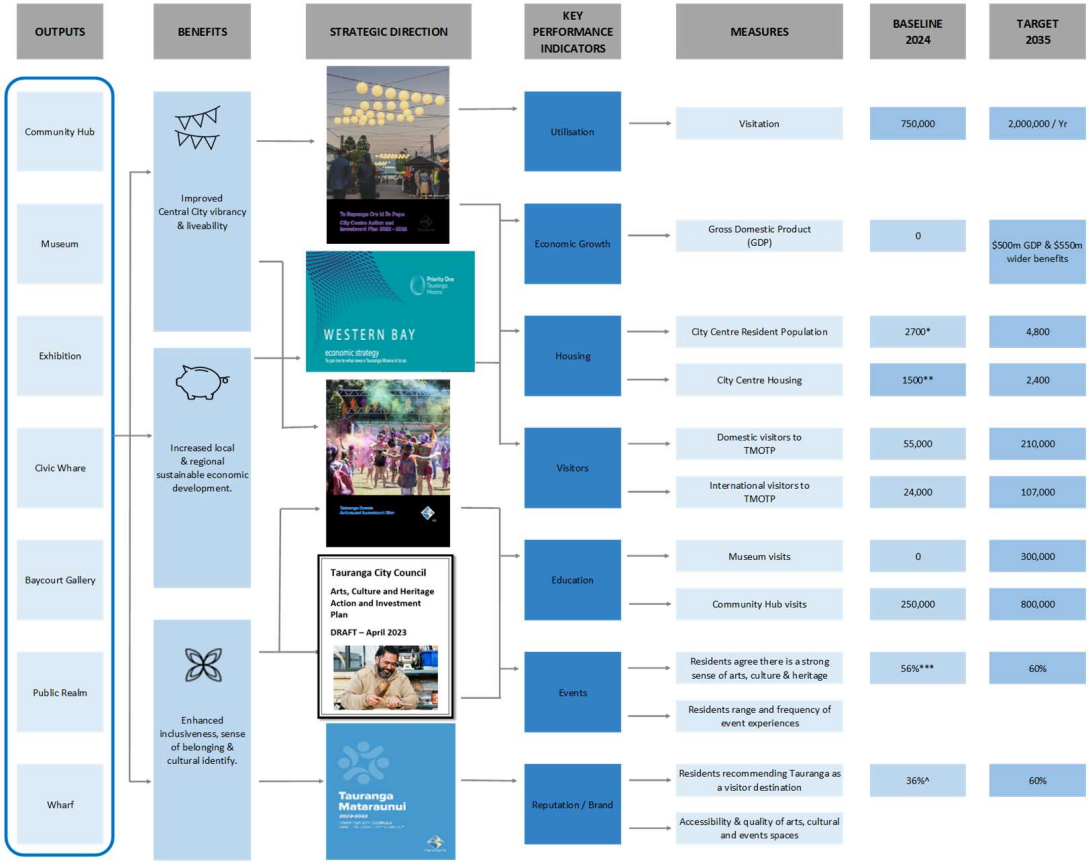
	4% real discount rate		6% real discount rate	
	Assumed*	Catalyst	Assumed	Catalyst
Agglomeration benefits from business concentration	$18.9	$172.7	$9.7	$89.0
Use and non-use value of amenities	$187.2	$192.5	$119.0	$122.0
Visitor/Tourism contribution to GDP	$419.0	$822.8	$280.8	$551.4
Value of Māori cultural expression	$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**

Cost Benefit Analysis

4% real discount rate		6% real discount rate	
Assumed*	**Catalyst**	**Assumed**	**Catalyst**
1.17	2.03	0.95	1.61

Note: Assumed 4% scenario is recommended by GHD

Benefits map



*census data 2018
** TCC growth projections
***Vital Update (2020)
^Annual residents survey 2022

Funding & financing

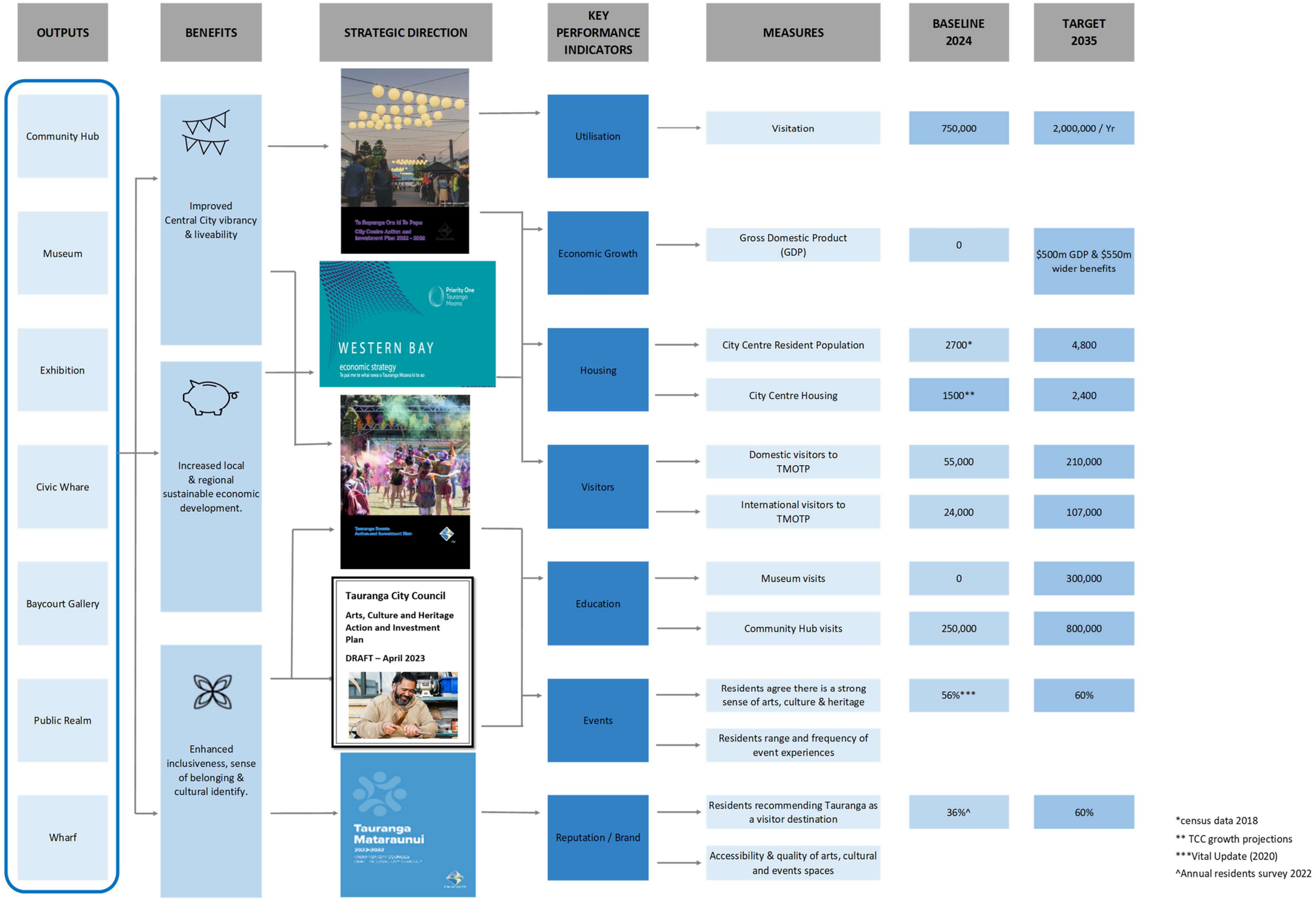
- Council has resolved to fund $151.5 million of the capital investment ($309.8m) and will likely fund close to 100 % of ongoing net cost of TMOTP each year.
- Potential for IFF levies (removing debt from Council's balance sheet) and city-wide development contributions ($11.5M).
- Financial Strategy provides further options to be utilised to the extent needed to fully fund the remaining capital investment of TMOTP ($146.8m).

Tauranga City

rationale

TO BE TABLED AT COUNCIL MEETING – Monday 24 July 2023 (Replacement Figure 40, page 131 for Te Manawataki o Te Papa Business Case)

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



Financial Strategy – presentation to Council

24 July 2023

Tauranga City

Funding

External:

- Government and Community Grants
- Waters Reform
- Development Contributions

Other Funding:

- Asset Realisation Reserve
- Airport Activity Contribution

Table 1: Comparison of the funding sources as per the LTPA with current estimates

Funding Source	LTPA Estimate ($M)	Current Estimate ($M)	Current Risk Weighted[3] Estimated ($M)
External Non-Rates Funding			
Waters Reform Funding ("Better Off" funding)	$33.2M	$12.1M*	$12.1M*
Other Government Grants	$49.1M	$23.6M	$14.2M
TECT Partnership	$27.0M	$27.0M	$21.0M
Local and Community Grants	$31.7M	$15.5M	$4.5M
Growth Funding (Developer Contributions)	$10.9M	$10.8M	$11.4M[4]
Total External Funding	**$151.9M**	**$89.0M**	**$63.2M**
Total Remaining Funding Required	**$0**	**$65.8M**	**$91.6M**
Total Non-Rates Funding	$151.9M	$154.8M	$154.8M
Rates Funded Debt (including Renewals)	$151.5M	$151.5M	$151.5M
Total Approved Budget for Programme of Works	**$303.4M**	**$306.3M[5]**	**$306.3M**

Table 3: Potential other funding sources

Funding Source	Estimated Realisable Value Gross $'s million's	Estimated Realisable Value Net of Debt Repayment $'s million's
Asset Realisation Reserve	$146.3	$97.7
Airport Activity Funding	$13.0	$13.0
Other Funding Options	Nil *	Nil *
Total Other Funding Identified	**$159.3**	**$110.7**
Total Other Non-Rates Funding Required (Table 1)	**$91.6**	**$91.6**

Airport Activity Surplus

Considerations:

- Link to City Centre and Te Manawataki o Te Papa
- Level of funding available (potentially $45m)
- What is appropriate to apply

Appropriateness Assessment:

- Requirements of Airport Authorities Act
- Level of airport patronage from international & domestic tourism visitors
- Level of international & domestic visitors to individual Te Manawataki of Te Papa facilities
- Expected benefit to the airport measured in increased visitors

Recommended Resolutions

Approve Financial Strategy

- Reconfirms maximum ratepayer loan $151.5m
- Maximise external funding sources
- To extent above funding sources insufficient, balance funded by Airport Authority funding (to $13m) & Asset Realisation Reserve

Airport & Asset Realisation Reserve

- Decisions on quantum to be via future Council resolution subsequent to further consideration of what is appropriate, legal advice & assessments, and consultation as appropriate.

Questions

Tauranga City

Tauranga City

Asset Realisation Report

- Proposal to establish an Asset Realisation Reserve approach and criteria
- Treatment of debt associated with properties managed through the Reserve approach
- Approval of list of properties to be managed through the Asset Realisation Reserve approach.

Proposal to Establish Asset Realisation Reserve

- Reserve is proposed to be used:
  - Transparently manage sale of Council property & assets
  - Hold any resulting proceeds
  - Enable Council to allocate funds to capital projects
- Identification of property or asset to be managed through the Reserve approach not necessarily a decision to dispose. Disposal decisions make on case-by-case basis and in accordance with Council policy.

Properties & Assets Identified

- Assessment:
  - Not required to deliver core business; or
  - Should be disposed (externally or internally to achieve a strategic objective, and defined trigger or timeframe for that disposal has been determined.
- Identified properties and assets include:
  - Carpark Buildings - Spring Street & Elizabeth Street
  - Marine Precinct
  - Smiths Farm
  - Poteriwhi (residential land)
  - Other Council properties

Policy & Legal Considerations

- Property funded by an activity:
  - Proceeds will return to that activity (except stormwater affected properties)
  - Proceeds will be used to repay debt

- Council can, by resolution:
  - Direct proceeds from sale of assets to a use other than debt repayment
  - Decide not to act in accordance with an adopted policy provided that decision is transparently made, and specific Local Government Act 2002 requirements are complied with.

Other Matters Addressed in Resolutions

- Proposed that annual review of properties will be undertaken
- Potential sales of managed through the Asset Realisation Reserve approach will be assessed and managed:
  - case-by-case basis and
  - in accordance with legal requirements
  - in accordance with Council policies (including Property Acquisitions and Disposals Policy, and Significance and Engagement Policy)
- Approve Asset Realisation Reserve to be used as funding source for TE Manawataki o Te Papa project in the first instance.

Questions

Tauranga City

Tauranga City

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