

## **AGENDA**

# Ordinary Council meeting Monday, 11 September 2023

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

Date: Monday, 11 September 2023

Time: 9.30am

**Location: Bay of Plenty Regional Council Chambers** 

Regional House 1 Elizabeth Street

**Tauranga** 

Please note that this meeting will be livestreamed and the recording will be publicly available on Tauranga City Council's website: <a href="https://www.tauranga.govt.nz">www.tauranga.govt.nz</a>.

Marty Grenfell
Chief Executive

#### **Terms of reference – Council**

#### **Membership**

 Chairperson
 Commission Chair Anne Tolley

 Members
 Commissioner Shadrach Rolleston<br/>Commissioner Stephen Selwood<br/>Commissioner Bill Wasley

 Quorum
 Half of the members physically present, where the number of members (including vacancies) is even; and a majority of the members physically present, where the number of members

(including vacancies) is odd.

Meeting frequency As required

#### Role

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

#### Scope

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

#### **Procedural matters**

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

#### **Regulatory matters**

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

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- 4 ACCEPTANCE OF LATE ITEMS
- 5 CONFIDENTIAL BUSINESS TO BE TRANSFERRED INTO THE OPEN
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#### 7 CONFIRMATION OF MINUTES

#### 7.1 Minutes of the Council meeting held on 21 August 2023

File Number: **A15035780** 

Author: Anahera Dinsdale, Governance Advisor

Authoriser: Anahera Dinsdale, Governance Advisor

#### **RECOMMENDATIONS**

That the Minutes of the Council meeting held on 21 August 2023 be confirmed as a true and correct record.

#### **ATTACHMENTS**

1. Minutes of the Council meeting held on 21 August 2023

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# **MINUTES**

Ordinary Council meeting Monday, 21 August 2023

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# MINUTES OF TAURANGA CITY COUNCIL ORDINARY COUNCIL MEETING HELD AT THE BAY OF PLENTY REGIONAL COUNCIL CHAMBERS, REGIONAL HOUSE, 1 ELIZABETH STREET, TAURANGA ON MONDAY, 21 AUGUST 2023 AT 9.30AM

PRESENT: Commission Chair Anne Tolley, Commissioner Shadrach Rolleston,

Commissioner Stephen Selwood, Commissioner Bill Wasley

IN ATTENDANCE: Marty Grenfell (Chief Executive), Paul Davidson (Chief Financial Officer -

via Teams), Barbara Dempsey (General Manager: Community Services), James Woodward (Acting General Manager: Infrastructure), Jeremy Boase (Acting General Manager: Strategy, Growth & Governance), Sarah Omundsen (General Manager: Regulatory and Compliance), Gareth Wallis (General Manager: City Development & Partnerships), Kelvin Eden (Capital Programme Manager: Major Community Amenity), Anne Payne (Principal Strategic Advisor), Nick Chester (Principal Strategic Advisor), Sarah Searle (Principal Strategic Advisor), Kathryn Sharplin (Manager: Finance), Tracey Hughes (Financial Insights & Reporting Manager), Malcolm Gibb (Project Manager – Rating Review), Reece Wilkinson (Parking Strategy Manager), Coral Hair (Manager: Democracy & Governance Services), Sarah Drummond (Governance Advisor), Anahera

Dinsdale (Governance Advisor), Janie Storey (Governance Advisor)

#### 1 OPENING KARAKIA

Commissioner Shadrach Rolleston opened the meeting with a karakia.

#### 2 APOLOGIES

Nil

#### 3 PUBLIC FORUM

Mr Murray Guy interjected from the public gallery and objected to not been given permission to speak in the public forum. Mr Guy was asked by the Chairperson to sit down. The Chairperson cautioned Mr Guy to stop disrupting the meeting or she may ask him to leave the meeting. Mr Guy continued to interject and refused to leave, and the Chairperson advised Mr Guy that he was required to withdraw immediately as his conduct was disorderly and creating a disturbance.

Mr Guy continued to interject, and the Chairperson advised Mr Guy that she was now requesting staff/security personnel to remove him from the meeting for the rest of the meeting as his conduct was disorderly and creating a disturbance.

The Chairperson adjourned the meeting at 9.37 am and Mr Guy left the room.

At 9.41am the meeting reconvened.

#### 4 ACCEPTANCE OF LATE ITEMS

#### 4.1 Acceptance of late item - Draft Long Term Plan Operational Financials

#### **RESOLUTION CO14/23/1**

Moved: Commissioner Shadrach Rolleston

Seconded: Commissioner Bill Wasley

That the Council:

(a) Accepts the late tabled item "Draft Long Term Plan Operational Financials" for consideration in the report "Long Term Plan 2024-2034 update at the meeting:

The above item was not included in the original report because it was not available at the time the agenda was issued, and discussion cannot be delayed until the next scheduled meeting of the Committee because a decision is required in regard to this item.

**CARRIED** 

5 CONFIDENTIAL BUSINESS TO BE TRANSFERRED INTO THE OPEN

Nil

6 CHANGE TO THE ORDER OF BUSINESS

Nil

7 CONFIRMATION OF MINUTES

Nil

8 DECLARATION OF CONFLICTS OF INTEREST

Nil

- 9 DEPUTATIONS, PRESENTATIONS, PETITIONS
- 10 RECOMMENDATIONS FROM OTHER COMMITTEES
- 10.1 Review of Rating Categories to Differentiate Industrial Ratepayers

Staff Paul Davidson, Chief Financial Officer

#### **RESOLUTION CO14/23/2**

Moved: Commissioner Stephen Selwood Seconded: Commissioner Shadrach Rolleston

That the Council:

- (a) Receives the report "Review of Rating Categories to Differentiate Industrial Ratepayers
- (b) Approves the recommendations of the Strategy, Finance and Risk Committee to consider introducing a new rating category for industrial properties (Option 1) in the development of the 2024-34 Long-term Plan.

**CARRIED** 

#### 10.2 Report - 2024 - 2034 Long-term Plan - Update - Funding and Reserves

**Staff** Paul Davidson, Chief Financial Officer

#### **RESOLUTION CO14/23/3**

Moved: Commissioner Bill Wasley

Seconded: Commissioner Shadrach Rolleston

That the Council:

- (a) Receives the report "Report 2024 2034 Long-term Plan Update Funding and Reserves".
- (b) Approves the recommendations of the Strategy, Finance and Risk Committee that the following matters are considered in the LTP to address both the significant impacts of large asset revaluations on depreciation and the current risks and impacts on the depreciation reserves.
  - (i) Phasing in of increased funding of depreciation expense in the early years of the LTP to mitigate the otherwise significant up-front increases in rates arising from significant asset revaluation.
  - (ii) Restoring depreciation funding and the level of reserve balances within the ten years of the LTP.
  - (iii) Short term loan funding of capital renewals for activities where there are insufficient depreciation reserves.
  - (iv) additional rates funding to retire debt for those activities where there are insufficient depreciable assets to repay debt over time.
- (c) Approves the recommendations of the Strategy, Finance and Risk Committee that the phased retirement of debt in the weathertight and unfunded liabilities reserve subject to rates affordability should aim to significantly reduce these reserve deficits through the period of the LTP.
- (d) Approves the recommendations of the Strategy, Finance and Risk Committee to consider the value of risk reserve funded through the LTP taking into account both debt headroom maintained in the debt to revenue ratio below LGFA funding limits and the value of the reserve.

**CARRIED** 

#### 11 BUSINESS

#### 11.1 2024-2034 Long-term Plan - Tauranga Community Stadium - update

Staff Gareth Wallis, General Manager: City Development & Partnerships Kelvin Eden, Capital Programme Manager: Major Community Amenity Jeremy Boase, Acting General Manager, Strategy, Growth and Governance

**External** Nigel Tutt – Priority One

#### **Key points**

- The work to date had been a team effort with a number of people involved.
- Public engagement had included a survey carried out by Key Research, which was a demographically representative view and resulted in more people in favour of the stadium than not in favour.
- There was more support with the younger age group and males but this diminished when the

- questions got to willingness to pay.
- A self-select survey was carried out via a link, however there were more negative comments
  and misinformation sent out by groups which coloured the results somewhat. Some support
  letters had been received from businesses and individuals who were generally in favour of the
  stadium.
- Benefits included the attraction of events and the alignment of the CBD rejuvenation with negative comments including parking and disruption.
- The social and economic benefits outlined by Market Economics was more comprehensive and outlined the many benefits that could be realised across the Western Bay of Plenty and the wider Bay of Plenty.
- The facility would take the load off Baypark as it was currently at capacity with more facilities needing to be provided. The economic development report outlined that the lack of investment in community amenities also led to poor attraction and retention of talent, and there was a need to ensure there was a good workforce into the future.
- Investigations had been commenced to set up a charitable trust to generate external funding for civic amenities.
- Key risks included ground conditions. Initial geotech reporting had been undertaken, based on the information to hand, showed an additional \$9M would need to be included for the grandstand than what was included in the business case, but more borehole testing was needed on the site. There may be a possibility to decrease the length of the piles which would result in a lesser cost. There was also some slope stability and retaining work required on the western bank which could cost up to \$19M in the worst-case scenario.
- Continued engagement was being undertaken with the athletic, bowls and croquet clubs and other users.
- Consideration was being given to the relocation of the athletic track to Baypark in the long term. The current track would need to be replaced in 2028 and had a useful lifespan up until then.
- The lawn bowls and croquet clubs' leases were due to expire in 2029 and the team were working through some relocation options with them.
- The recommendation was to push out the development of the stadium in association with the wider masterplan to relocate users and the development of the Te Manawataki o Te Papa precinct.
- Option 2 was the preferred option, with a staged plan and thorough community consultation, with the project team continuing to work on funding mechanisms and staging the design and cost. Once the project was included in the 2024-34 Long Term Plan (LTP) for deliberation there would be more community feedback and more information to guide the decision making.

#### In response to questions

 In relation to a query regarding the cost, access to external funding and engagement with regional and sub-regional partners to share the costs, it was noted that the cost of developing the first stage was estimated at \$70M, which was subject to what was to be built. The \$30M relating to displacement costs was already in the budget as part of the Active Reserves Masterplan work.

#### Discussion points raised

Commissioners noted the following comments:

- There was a divided view within the community and the recommendations set a clear pathway for the need for further consultation.
- Option 2, the staged implementation plan, would be out for consultation as part of the LTP and would provide opportunities for all the community to express their views.
- The Commission was appointed to provide and focus on the long-term best interests of the city it serves. This included infrastructure and community amenities, of which sporting and wider community amenities and facilities were a key component of a great city.
- The proposal provided existing users to have their current needs met and provided opportunities for them to have better amenities as a result of the decision. Some clubs also

had divided views.

- The proposal would have wider social and economic benefits across the city and would release the capacity at Bay Park which was not able to accommodate some indoor sports because of lack of space.
- Commissioners needed to consider both sides of the story based on the evidence and information before any decision was made. The process had started before the Commission commenced and it would do the community a disservice if the Commissioners did not follow through with this process and make a considered decision as part of the LTP 2024-34.
- The two surveys were helpful in terms of perspectives provided and understating the demographic of those inputting, and to get a full perspective of age groups across the city.
- There were 4,000 new residents entering the city each year and more coming into the Western Bay of Plenty, with a projected population for the sub-region in 2063 being 300,000. This was a 50% increase from 2018. Council needed to respond to the transformation, recognise that growth, listen to the needs of those coming to live here and provide for them.
- There had been a lot of misinformation of what the stadium was going to be and seeks to do for
  the community. It would not be locked up and unattainable on a daily basis, it would still be a
  community greenspace valued by the community and the public would continue to have
  access, there would be no restricted access to the Domain. Activities would include rugby,
  soccer, cricket, indoor sports, events and concerts and the proposed stadium would provide for
  all opportunities.
- Parking and noise were some of the concerns expressed, and while these needed to be carefully considered. The Council was exploring with the Bay of Plenty Regional Council better transport options and opportunities to move around the city more easily.
- The Commission would protect and look after the trees in the Domain during this process.
- Financially the city could not afford the stadium at present with the building of Te Manawataki o Te Papa. The proposal would not be included into the budget in the next few years.
- Working in with the athletic club to relocate their track by its use by date made sense. It would
  take time to move some of the existing users from the site and to make sure that they were well
  looked after and provided for with better facilities.
- Council was required by law to make room for more housing to cope with the growing
  population and had a responsibility to the young people to increase the economic activity in the
  city.
- Growth had not adequately been addressed in the last two decades which had overwhelmed
  the city but now it had to be managed. With the underinvestment in infrastructure and the city
  centre dying, Commissioners had to make hard decisions on what was best for the long-term
  interests of the city and make investments.
- There was a clear divide between the young and older residents, but Council needed to look at
  what was best for the city in next 30 years. The underinvestment in community facilities had
  been obvious and resulted in the Commission reviewing all community facilities. This including
  looking at The Domain which could take more use by more people on a regular basis.

#### **RESOLUTION CO14/23/4**

Moved: Commissioner Stephen Selwood

Seconded: Commissioner Bill Wasley

#### That the Council:

(a) Receives the report "2024-2034 Long-term Plan - Tauranga Community Stadium - update".

- (b) Approves Option 2 Staged Implementation Plan for inclusion in the draft 2024-2034 Long-term Plan, and budgets and consultation document. Current details of this option include:
  - (i) Staged delivery of the stadium commencing in 2029/30.
  - (ii) Capital expenditure of \$70 million for the first stage of which \$40 million is financed for budgeting purposes from rates-funded loans and \$30 million from other sources.
  - (iii) Balance of the capital expenditure budget to be incurred beyond the term of the 2024-2034 Long-term Plan.
  - (iv) Operating costs of \$1 million per annum, plus appropriate debt servicing and depreciation allocations.
  - (v) Continuation of work with existing users of the Tauranga Domain to explore alternative site options (e.g. athletics, bowls and croquet).
  - (vi) Continuation of efforts to secure non-council funding for the capital costs of the community stadium.
- (c) Notes that further details of the 'staged implementation plan' approach will be established prior to the adoption of the final 2024-2034 Long-term Plan, currently scheduled for April 2024.
- (d) Approves unbudgeted expenditure of a maximum of \$900,000 in 2023/24 to further develop and cost the 'staged implementation plan' option, and to seek funding contributions from other project partners to share these costs. Council's share of the expenditure to be loan-funded operating expenditure, based on the expenditure offering long-term benefit associated with the proposed investment. Rate funded debt retirement over ten years should be included in the budgets from 2024/25 onwards.
- (e) **Attachment 4** can be transferred into the open when all funding negotiations have been completed.

**CARRIED** 

### 11.2 Draft Long Term Plan 2024-2034 - Memorial to Elizabeth Waterfront Recreation Connection \ Te Hononga ki Te Awanui

Staff Gareth Wallis, General Manager: City Development & Partnerships Kelvin Eden, Capital Programme Manager: Major Community Amenity

External Rebecca Ryder – Boffa Miskell Craig Batchelor – Independent Consultant Rachel Wright – Boffa Miskell

#### **Key points**

- The work began in 2021 to consider a walkway from Memorial Park to the CBD in two parts, stage 2 of which was to provide an extended harbour edge connection between Memorial Park and the city centre.
- Objectives were adopted in July 2022 to understand the key priorities and became the focus for all of the project.

- Engagement was undertaken with tangata whenua and one on one meetings with landowners with waterfront-based properties to understand their needs, interests and issues on the recreation connection in front of their properties. A meeting was also held with the Tauranga Harbour Protection Society on 5 March 2023 where discussions were held in detail.
- There were 10 different topology options and 17 properties with riparian rights for which the property rights were investigated.
- Two workshops in May 2023 had also been held covering off the options and to get the three
  viable options that were noted within the report. These had been further informed from the
  workshops and focused to the public realm area and dropping some of the components that
  had been raised by landowners as a way of responding to them.
- Each of the three options had been considered against the planning framework requirements for district, regional and national coastal plans. Most came under the Regional Environmental Coastal Plan as they were all discretionary activities with lots of assessments required.
- While there were no critical issues to obtaining a resource consent, a real critical risk was around resolving the riparian rights, property and access rights with the property owners. The property owners' legal advisor proposed that the Council look at a declaration from the High Court on the legality of what's proposed. The view of the landowners was that any infringement of their access across their frontage was contrary to their legal rights, however the Council's legal advice was that this could be managed and ensure that their rights could be provided for in a reasonable way. The intention is to develop design solutions and have those tested with evidence before a high court or other alternative. It was critical this be sorted before any resource consent process was undertaken.
- There were also issues around hazard management in the long term, as the area was affected by land instability and complications of a walkway, including mitigation and repair work, as some properties had structures close to the space.
- While the matters were complex, these were not insurmountable.
- The team was not in a position to recommend that the funding be put into the LTP but were seeking funds to proceed with the design and go through the legal processes. This highlighted the opportunity to use the \$6M already included in the LTP and provide time to design avenue connections to allow public access to the waterfront and low tide access to the CBD. It would also allow proceeding with some capital works where they were able to achieve access.
- The team thanked all residents and landowners that they had engaged with, they had been
  welcomed into many homes and spent time with people who were passionate about their
  properties and had held some robust and challenging conversations.

#### In response to questions

- If Option C, limited intervention, was adopted it would remain as it was and no declaration from the court would be required.
- The use of the \$6M would include creating the nodes, beach replenishment where it was a viable option and creating the walkway in areas that were not subject to riparian rights as included in the 2021-31 LTP for the years 2026-27. In parallel with that, work would be carried out to get the High Court determination and set up a Memorandum of Understanding with tangata whenua.
- Beach replenishment has been seen as a positive concept with a number of property owners, with an issue raised as to whether it would lead to accretion and if so, would landowners be able to claim the land. While this was not considered a risk, any claim would become a court process.
- The team were aware of pending iwi claims and potential changes around the sea floor and this had been part of the conversation with tangata whenua. Part of the process going forward was that they be included in each step to avoid any issues later. Engagement with mana whenua had been positive to date.

#### Discussion points raised

• Commissioners acknowledged the work done by Boffa Miskell and Tonkin and Taylor noting that the evidence-based information with the comprehensive engagement, analysis, range of

issues and considerations had been helpful.

 Additions were made to the recommendations to include the amount of the consultancy costs in recommendations (c) and (d) and to provide a determination of the legal position regarding property right issues.

#### **RESOLUTION CO14/23/5**

Moved: Commissioner Bill Wasley Seconded: Commissioner Stephen Selwood

#### That the Council:

- (a) Receives the report "Draft Long Term Plan 2024-2034 Memorial to Elizabeth Waterfront Recreation Connection \ Te Hononga ki Te Awanui".
- (b) Approves delivery of Option C, which is limited intervention of the city fringe and escarpment link zones from 1<sup>st</sup> to 7<sup>th</sup> Avenue, which may include some beach replenishment between 6<sup>th</sup> and 7<sup>th</sup> Avenues as an achievable short/medium-term outcome, acknowledging that it does not achieve the accessible linear connection along the shoreline but does however, improve public access at the road ends to the harbour edge.
- (c) Approves consultancy costs of \$585,000 to progress the consenting, legal, planning and design work for short/medium-term Option C, acknowledging the construction costs of \$6M, which are currently included in the Draft Long-term Plan 2024-2034.
- (d) Approves consultancy costs of \$1.65M to progress the consenting, legal, planning and design work for long-term Option B, including determination of the legal position regarding property right issues. Any construction costs to be considered as part of deliberations for the following long-term plan.
- (e) Enters into a Memorandum of Understanding with Mana Whenua.

**CARRIED** 

### 11.3 Our Direction (Council's strategic framework) - adopt final action and investment plans and strategies

Staff Anne Payne, Principal Strategic Advisor

Jeremy Boase, Manager: Strategy & Corporate Planning

Nick Chester, Principal Community Advisor

#### **Key points**

- The project work had begun in mid-2021 with action and investment plans being developed in 2022 to deliver on Council's strategic directions.
- Eight plans were being presented as part of this report and the Tauranga Climate Action and Investment Plan would be presented in a separate report to this meeting.
- Two strategies had been held in draft until the Action and Investment Plans were completed to ensure consistency across the framework.
- As a result of the plans, 10 strategies could be superseded.

#### In response to questions

• In relation to beliefs being omitted from the Community Centres Action and Investment Plan opening statement it was noted that citizenship ceremonies were held every month with 70-80 people from a variety of denominations and religious beliefs becoming New Zealand residents and it was noted that the city needed to make room for those beliefs as they were a strong part of people's cultures. Staff apologised for the miscommunication and agreed to add beliefs back into the opening statement.

#### Discussion points raised

- Commissioners acknowledged that the plans had been a huge amount of work and staff had been challenged at every step. They noted their appreciation for the work from all of the team for such a good and robust process.
- It was requested that if the framework for accessing the plans was on the website, was it possible to have a diagram as the link point to funding as this was important.
- It was suggested that an increased focus was needed on the use of grey water and the opportunities this would bring.
- It was requested that the names of the Action and Investment Plans be included in the recommendation (e), the inclusive city strategy added into recommendation (f) and the plans that were to be superseded in recommendation (i).

#### **RESOLUTION CO14/23/6**

Moved: Commissioner Bill Wasley Seconded: Commissioner Stephen Selwood

That the Council:

- (a) Receives the report "Our Direction (Council's strategic framework) adopt final action and investment plans and strategies", including Attachments 1 to 5 to this report.
- (b) Acknowledges and thanks Te Rangapū Mana Whenua o Tauranga Moana, particularly the appointed AIP representatives, for their valuable contribution to development of these plans and strategies.
- (c) Acknowledges and thanks the many other groups, organisations and individuals from our communities who have also provided valuable contributions to development of these plans and strategies.
- (d) Approves the eight *Action and Investment Plan consultation feedback and proposed response summaries, July 2023*, contained in **Attachment 1**, including the resultant proposed amendments to the draft plans.
- (e) Adopts the eight Tauranga City Council Action and Investment Plans contained in **Attachment 2 (Appendices A to H)**, namely:

Accessible Tauranga,
Safer Communities,
Art, Culture and Heritage,
Our Public Places Strategic Plan,
Reserves and Open Space,
Play, Active Recreation and Sport,
Community Centres,
Nature and Biodiversity

and notes that the eight adopted plans will be:

- (i) Updated to reflect final 2024-2034 Long-term Plan funding once the Long-term Plan is adopted in April 2024, and
- (ii) Available online as designed documents in early October 2023, with printed copies available on request.
- (f) Adopts Tauranga City Council's *Tauranga Mataraunui Inclusive City Strategy, 2023-2033*, contained in **Attachment 3**, noting the summary of final changes provided and that the strategy's opening aspiration statement is to be retained as:

We lift each other up. We are an inclusive city that celebrates our past, is connected in our present and invested in our future, where people of all ages, beliefs, abilities and backgrounds are included, feel safe, connected and healthy.

- (g) Adopts Tauranga City Council's *Tauranga Taurikura Environment Strategy, 2023–2033*, contained in **Attachment 4**, noting the summary of final changes provided.
- (h) Delegates the Group Manager: Strategy, Growth and Governance to approve minor amendments to the eight Action and Investment Plans and two strategies if required prior to publication.
- (i) Formally supersedes or rescinds the ten existing strategies or plans as proposed in **section C** of this report, and notes that partners to any superseded joint strategies or plans will be advised accordingly, namely

Age-Friendly Strategy 2013
Disability Strategy 2013
Tauranga Western Bay Safer Communities Strategic Plan 2020-2025

City Safety Action Plan 2018
Toi Moana Arts and Culture Strategy 2018-2021
Vegetation Management Strategy (Growing Tauranga Green) 2006
Aquatic Network Strategy 2012
Open Space Strategy 2012
Our Community Places Strategy 2008
Sport and Active Living Strategy 2006

(j) Notes that, subject to today's decisions, Tauranga City Council's strategic framework, Our Direction, has now been refreshed and is presented on Council's Our Future / Our Direction webpages. A summary of where strategies and plans fit is contained in Attachment 5 of this report.

**CARRIED** 

#### 11.4 Tauranga Climate Action and Investment Plan - adoption

Staff Sarah Searle, Strategic Advisor
Jeremy Boase, Manager: Strategy & Corporate Planning

#### **Key points**

 Working with dedicated interested group to create the first climate action plan which would continue to be updated and improved.

#### In response to questions

- In relation to priority actions 33 and 34 regarding sub-regional waste it was noted that the business case was currently being reworked, and funding was provided in the LTP. It was requested that regional input would also be sought.
- Staff would recheck priority 34 as to whether a community recovery and waste minimisation education centre was still proposed due to lack of room on the site.
- Additional information would be provided on the sources of funding for priority 56 the Mana Kai Mana Ora - WBoP Food Sovereignty and Food Security Plan.
- In response to a comment regarding any meaningful change to reducing carbon emissions
  through road pricing, it was noted that the LTP needed to start that conversation for it to gain
  momentum across the city.
- Much of the feedback was challenging the concept of having alternative modes of transport available before changing the targets.

#### Discussion points raised

- While ambitious goals could be set there was no way they would ever be reached in the city, therefore the plan needed to be realistic to encapsulate that some targets would be met, but also acknowledging that there was no way to achieve some of the science-based targets as some of the changes needed were not ones that the Council could influence. The goal around mitigation was amended in resolution (e) as a city we will work towards reducing our greenhouse gas emissions in line with national net zero 2050 commitments.
- Commissioners thanked the staff, Te Rangapū Mana Whenua o Tauranga Moana and others for the significant amount of the work done to provide the plan.

#### **RESOLUTION CO14/23/7**

Moved: Commissioner Bill Wasley

Seconded: Commissioner Shadrach Rolleston

That the Council:

- (a) Receives the report "Tauranga Climate Action and Investment Plan adoption" including attachments 1 and 2.
- (b) Acknowledges and thanks Te Rangapū Mana Whenua o Tauranga Moana for their valuable contribution to development of the Plan.
- (c) Acknowledges and thanks the many other groups, organisations and individuals from our communities who have also provided valuable contributions to development of the Plan.
- (d) Approves the *Action and Investment Plan consultation feedback and proposed response summary, July 2023*, contained in **Attachment 1**, including the resultant proposed amendments to the Plan.
- (e) Approves the updated goal around mitigation to "as a city we will work towards reducing our greenhouse gas emissions in line with national net zero 2050 commitments"
- (f) Adopts the Tauranga Climate Action and Investment Plan, 2023-2033, contained in **Attachment 2**, and notes that the adopted Plan will be:
  - (i) Updated to reflect final 2024-2034 Long-term Plan funding once the Long-term Plan is adopted in April 2024, and
  - (ii) Available online as a designed document in early October 2023, with printed copies available on request.
- (g) Delegates the Group Manager: Strategy, Growth and Governance to approve minor amendments to the Plan if required prior to publication.

**CARRIED** 

At 11.35am the meeting adjourned.

At 11.49am the meeting reconvened.

#### 11.5 Long-term Plan 2024 - 2034 Update

Staff Paul Davidson, Chief Financial Officer Kathryn Sharplin, Manager: Finance

Tracey Hughes, Financial Insights & Reporting Manager

Tabled were a copy of the Draft LTP Operational Financials prior to final decisions.

#### **Key points**

- The budget reflected the recommendations made by the Strategy, Finance and Risk Committee in relation to lessening the funding of depreciation in the early years and reversing it in later years and reflecting the size and scale of the revaluations that had occurred.
- The LTP increased debt requirement of unfunded liability and weathertightness reserves after year 3 of the LTP and sought resolution around long-term loan funding where there was a longterm benefit.
- It assumes that the infrastructure funding and financing (IFF) transactions for decisions on Te Manawataki o Te Papa were included but this would be separately consulted in the next month.
- No IFF levy had been added in the rates which would be an additional 2% in 2026 to reflect that transaction. All of the debt had been included in the budget.

- The financials reflect the priorities set for the LTP as a flow through from 2021-31 priorities
- The capital programme summaries were high level capital expenditure in the key priority areas of existing growth, intensification, growth in the west, the city centre and transportation. In total \$3.4B over the 10 years.
- There was a programme of works was larger in the earlier years than Council expected to achieve, so debt and interest would not be rated. There was a capital ability adjustment to bring it to more realistic associated rate increases.
- Three waters had not been included from Year 3 and changes to the existing programme of funding for Te Manawataki o Te Papa and ongoing changes for Tauriko West funding.
- The operational financials were tabled. The capital programme and the flow through costs that
  come from interest were influenced by the expectation of external funding or asset realisation
  for Te Manawataki of Te Papa of \$150M and Waka Kotahi supporting the transportation capital
  programme. If the funding was not realised the ratios would be worse and decisions would
  need to be made around timing of those projects.
- The revenue included those assumptions, and the growth was expected to be 1%.
- The medium rates increase modelling was based on the first year only and included the transport plan and the IFF which had already been agreed to.

#### In response to questions

- In response to a question regarding the Department of Internal Affairs (DIA) approval on the stormwater levy being renamed to the flood control reserve, it was noted that they would look at the draft. Discussions had been held with DIA staff around remediation of those areas and addressing future flooding, but it would be put through as part of the consultation process. Flood control activities were a legislative set activity for councils after movement of three waters to a separate entity.
- In relation to clarity around the funding of depreciation cost funding over the life of the LTP now and as new completed projects were brought in with messaging around addressing the inadequate funding previously. It was noted that would be included in the financial strategy and reserves identified for each activity over the ten years.

#### **RESOLUTION CO14/23/8**

Moved: Commissioner Bill Wasley

Seconded: Commissioner Shadrach Rolleston

That the Council:

- (a) Receives the report developing LTP Budgets.
- (b) Receives the tabled draft financials based on continuation of the strategic direction set in the 2021-31 LTP for both capital and operational expenditure, to be further amended as decisions are made by Council at this meeting.
- (c) Agrees to draft capital budgets for the LTP as summarised in **Attachment A** as the basis for LTP draft financials, and consultation which includes:
  - (i) updated projects from 2021-31 LTP with revisions to cost and timing
  - (ii) new projects and revised scope for projects from previous council decision or Chief Executive delegation for minor projects.
- (d) Agrees to include the following funding decisions with respect to operational costs:
  - (i) the phasing in of funding of depreciation across activities of council and CCOs through the period of the LTP and other approaches to manage depreciation reserves back into balance
  - (ii) increasing debt retirement of unfunded liability and weathertight reserve deficits after year 3 of the long term plan
  - (iii) phasing further rates funding to the risk reserve over the period of the LTP
  - (iv) Renaming of the stormwater reserve to flood control reserve to remain with Tauranga City Council in the new Flood Control activity after movement of three waters to a separate entity
  - (v) Increases in user fees and adoption of additional user fees
  - (vi) loan funding of operational costs associated with a portion of the increased expenditure on climate action and sustainability and of software as a service-related development, where this work provides benefit of a long-term nature
  - (vii) Phasing in of additional operational grant to Bay Venues Limited
- (e) Agrees to develop financials on the basis of using Infrastructure Funding and Financing through IFF levy to fund the ratepayer portion of Te Manawataki o te Papa.
- (f) Notes that full financials and funding impact statements by activity will be presented within the groups of activities to the September 11 Council meeting and financial statements in the supporting documentation.

**CARRIED** 

#### **Attachments**

1 Tabled Document - Council - Draft LTP financials 21 Aug 2023

#### 11.6 Draft Revenue and Financing Policy Framework

Staff Paul Davidson, Chief Financial Officer Kathryn Sharplin, Manager: Finance

#### **Key points**

- All of paragraph 23 in the report was incorrect and should be removed as neither Site B nor the stadium were included in the draft financials.
- The policy incorporated IFF as a preferred option and would be looking at an industrial rating category as an option later in the meeting.

 A specific annual targeted rate was being considered for private pool inspections as an alternative to a user fee.

#### In response to questions

- In response to being able to revert back to a community facilities targeted rate if required, it was noted that this was being consulted on and staff would come back with any provisions that may come out of that process.
- The IFF would be consulted on separately to the LTP and as a result of that process it would allow either the IFF levy or a targeted rate based on the feedback.
- The proceeds from any asset sales would include the reserve fund for that asset.
- The asset realisation reserve would be an alternative funding source once the balance grew.

#### **RESOLUTION CO14/23/9**

Moved: Commissioner Stephen Selwood Seconded: Commissioner Bill Wasley

#### That the Council:

- (a) Receives the report "Draft Revenue and Financing Policy Framework".
- (b) Approves (as amended) the draft Revenue and Financing Policy and Funding Needs Analysis, acknowledging that:
  - (i) The draft policy is subject to legal review, and
  - (ii) It will be presented back to Council on 11 September as part of the supporting information to the 2024-34 Long-term Plan Consultation Document, and
  - (iii) Public views will be sought through consultation alongside the 2024-34 Long-term Plan.

**CARRIED** 

#### 11.7 Paying a Fair Share - Approaches to Funding the draft 2024/34 Long-term Plan

Staff Paul Davidson, Chief Financial Officer Kathryn Sharplin, Manager: Finance

Reece Wilkinson, Parking Strategy Manager Malcolm Gibb, Contractor – Rating Review

#### **Key points**

- User Fees and Charges were part of paying a fair share, with the Funding and Financing Policy considering who benefits, which then flows into either charging user fees or rates.
- A solid review had been undertaken of activities and some areas identified as potential new
  user fees and areas where self-funding was more challenging and may result in some more
  significant increases in charges.
- Consistency across councils was a feature with some of the sporting codes charges.
- Reflecting capital investment, looking at how the Council funded new investments with opportunities to relate that to who was accessing and using them and a way to capture nonratepayer users.
- Fees had helped with demand management, to reflect the value of the asset and the environment it was impacting.
- The animal and building services reflect assessments of costs against potential deficits over the 10 years and looked to model what the increase in fees and charges would be to balance out the deficit. The dog registration fees would see an increase of \$21 a year to \$121 and building services an increase in fees by 5% annually.
- There was a need to ensure that parking was applied throughout the city fairly and equitably.

- The expansion of paid parking would come in November to areas within a 15 minute walk to the city centre and domain.
- A Parking Management Plan for Mount Maunganui would be provided in the future. It was acknowledged that all of the same stresses from introducing paid parking years ago in the area still existed.
- A review was carried out of all the community services fees and charges and the team had been asked to go through their specific fees to understand if they were covering the cost of providing the service, whether they met the Revenue and Financing Policy and provide a benchmark. The information would be provided to the 11 September 2023 Council meeting.
- There were more complex areas that had not been charged and there were opportunities to
  pick up more fees so a direction was needed. Some of these would be picked up over time
  and some had contractual arrangements not to increase, but staff wished to deliver on
  principles, provide a clear direction to look at user pay, be consistent and to look at capital
  investment with activities. The holiday park and Historic Village were several examples of
  which Council had heavily invested in.

#### In response to questions

- In answer to a question in relation to any opportunity to encourage Western Bay of Plenty
  District Council to align their dog fees with Tauranga City Council's it was noted that
  conversations were held with them regularly. They had a smaller dog pool with much of the
  animal control services in the rural area and dealt with other animals and had to be rated
  differently, so it was not the same comparison.
- The dog registration fees reflected a way of recovering the costs of the activity such as running the dog pound and the animal services teams rather than it being charged across the Council. It was only recently that they had been able to see that the deficit was larger than anticipated.
- Commissioners wanted to be sure that the parking spaces were being utilised well and to ensure there was parking for workers in the city and at Mount Maunganui. Information was requested on the difference between summer congestion to winter use, the turnover of parking and time limits and what provisions had been made for parking in the CBD for people coming into work each day. This would provide alternative options so that any resentment could be covered by offering good solutions. There were also a number of tensions and frustrations around Marine Parade and Pilot Bay by locals with much of the parking being used for accommodation. Given there was no requirement for parking provision for accommodation because of government policy direction, this information needed to be included in the report.
- The income from parking was ringfenced for the activity unless it was used on an investment supported by parking activity. It could be noted that any excess funds from parking at the Mount would only be used in the Mount.
- Telfer Young provided a valuation on reserve land which was discounted from a market value within the different zones providing a difference in valuation and square metre rate. Staff then looked at the charge rate to community organisations against these valuations. The rate currently started at \$2.68 m² with the range going from \$8 to \$21.50m² at Mt Maunganui which was quite a big difference in what was being charged and what was a reasonable rate based on a reserve valuation. This showed a derived subsidy for use of Council reserve land.
- The report illustrated where the subsidy was invested in golf courses and land for horse sports, marine society etc. It gave a better understanding of where the subsidy was and whether it was fair and reasonable or whether it should be done differently as it segregates different groups that use that land. Over time the policy could put the Council in a better position financially.
- In response to a query relating to different areas of the city having different valuations, it was noted that the recommendation was to use an average across the city for community organisations where each sporting code would be treated the same.
- The Council had requested more public access to the land leased to the Racing and Golf Clubs at Greerton. It was noted that a percentage could be applied to incorporate a type of methodology that would take into account the added public use benefit and come up with a fair rate. Also taken into consideration would be the work done by an organisation on the upkeep

- and maintenance of the areas they used.
- The fees collected from community services activities countered the expenditure and offset the amount of rates needed to go towards that activity.
- Cemetery and Crematorium fees would be included in the report to the 11 September 2023 Council meeting. No general rates were currently applied to this activity.
- A further report with more information and detail on the user fees would be provided to the 11 September 2023 Council meeting.

#### **Discussion points raised**

• To make the recommendation clearer and to provide further detail prior to the adoption of the fees and charges, recommendation (c) was amended adding - to be included in the user fees and charges schedule to be adopted at the 11 September 2023 Council meeting

#### **RESOLUTION CO14/23/10**

Moved: Commissioner Stephen Selwood

Seconded: Commissioner Bill Wasley

#### That the Council:

(a) Receives the report " Paying a Fair Share - Approaches to Funding the draft 2024/34 Long-term Plan".

- (b) Notes in areas requiring full or partial cost recovery fees are increased to cover costs consistent with the revenue and financing policy
- (c) Approves the following specific funding recommendations to be included in the user fees and charges schedule to be adopted at the 11 September 2023 Council meeting for the draft 2024/34 Long-term Plan for community facilities:
  - (i) The introduction of new fees and charges for the use of boat ramps and active reserves (sport fields and cricket wickets for adult/seniors use only) to reduce the extent of general rate revenue needed to fund these activities,
  - (ii) Introduction of Boat Ramps charges at the Sulphur Point, Pilot Bay and Whareroa boat ramps, to park vehicles and trailers at the designated parking, to be charged at a rate of \$20 per day (incl GST) or \$200 per annum (incl GST).
  - (iii) Exclusive use of sport fields and cricket wickets at the rate of \$225 (plus GST) per winter or summer season per pitch for adult/senior participants only.
  - (iv) Use of council land for a lease or licence or licence to occupy by commercial organisations at the zonal market rates currently valued at between \$25.00 (plus GST) to \$65.00 (plus GST) per m2 per annum subject to updated valuations.
  - (v) Use of council land for a lease or licence or licence to occupy by community organisations at a city average rate based on a 50% subsidy of the city-wide average of the zonal reserve rates. Including the subsidy this is currently valued at \$6.05 (plus GST) per m2 per annum subject to current valuations
  - (vi) Note that negotiations will be undertaken with the bespoke community organisations who use large areas of council land for their activities to align their charges, over time, closer to the proposed levels for other community organisations.
  - (vii) Moving the range of Licence to Occupy fees for buildings at the Historic Village to one set fee for the different bands and using the mid-point independent valuation rate for most categories, with the exception of the retail and office LTOs which will be at the higher end of the valuation bands.
  - (viii) Develop an engagement plan for these community fees for the draft 2024/34 Long-term Plan which provides sufficient resource and time to consult with user and stakeholder groups who may be impacted by these proposals.
- (d) Notes a report will be considered by Council on 4 September on options for parking management and charging at Mount Maunganui and in other areas outside the city centre.

CARRIED

#### 11.8 Review of Rating Categories to Differentiate Industrial Ratepayers

Staff
Paul Davidson, Chief Financial Officer
Jim Taylor, Manager: Rating Policy and Revenue
Kathryn Sharplin, Manager: Finance
Malcolm Gibb, Contractor – Rating Review

#### **Key points**

- A new industrial rating category suggested moving to a 2.7:1 category in the first year of the LTP which was comparable to other authorities commercial rates given the amount of small and medium size enterprises.
- From Year 2 onwards the plan was to go away from a fixed differential and move to a
  percentage split, so that each time there was a general revaluation, the percentages could still
  be worked on these and was a consistent approach as opposed to the amount of money
  collected from each sector as it moved quite a lot with the valuation increases.
- The proposal was a continuation of the review the Commissioners commenced in the 2021-31 LTP, to ensure fairness and equity with all funding and to decide whether to split the commercial category into industrial and commercial categories.
- Non-financial impacts on heavy traffic on the whole community was provided in the report
  which also noted other impacts and a funding needs analysis. It provided three options to
  consider including the introduction of an industrial category at 2.7:1 and leaving the commercial
  at 2.1:1, or to introduce an industrial category but not change the differential as getting the
  information to show the impacts as it could take some time to collect. The third option was to
  retain the status quo.
- Definition of the possible industrial rating category included the Port, industrial related sites
  over the city and utilities which use the roading corridor substantially in their daily operation.
  With utilities it was difficult to get specific information on how much they used and what impact
  they had on the transportation and roading activity especially when digging up the road to get
  to their utilities on council land. This had not been fitted into the definition and did not have the
  same rationale as the overall benefits that the industrial and port related businesses got from
  all of Council's activities. Further work could be done on this to get the link if required.

#### **Discussion points raised**

- Commissioners noted that it was a good report with the comparisons of light and heavy vehicles and the significance of the difference between the two and agreed that more work should be done on this and on the industrial category definition.
- There was a change to recommendation (b) to include to propose the introduction of the new rating category.
- Add a further resolution (g) Agree staff continue further work on the appropriate definition of industrial category and the appropriate share of rates to be paid by each category.

#### **RESOLUTION CO14/23/11**

Moved: Commissioner Bill Wasley Seconded: Commissioner Stephen Selwood

That the Council:

- (a) Receives the report "Review of Rating Categories to Differentiate Industrial Ratepayers".
- (b) Approves the Recommendation from the Strategy, Finance and Risk Committee to propose the introduction of a new rating category for industrial properties (Option 1) in the development of the 2024-34 Long-term Plan.
- (c) Agrees the evidence around roading costs and other wellbeing impacts including congestion and safety provides justification for considering a higher differential charge for the industrial category.
- (d) Agrees to consult as part of the LTP on setting a rating differential for the industrial category at 2.7:1 (Option 1) over the residential rate.
- (e) Agrees to retain the commercial differential category to 2.1:1 (option 1) over the residential rate as previously resolved.
- (f) Agrees to phase in further differential changes over years 2 to 4 of the LTP to reach a percentage share of general rates by category of approximately 65% residential, 15% commercial and 20% industrial.
- (g) Agrees that staff continue further work on the appropriate definition of industrial category and the appropriate share of rates to be paid by each category

CARRIED

#### 12 DISCUSSION OF LATE ITEMS

Nil

#### 13 PUBLIC EXCLUDED SESSION

A resolution to exclude the public was not required as the item had been dealt with in resolution (e) of Item 11.1 - 2024-2034 Long-term Plan - Tauranga Community Stadium – update.

#### 14 CLOSING KARAKIA

Commissioner Shad Rolleston closed the meeting with a karakia.

The meeting closed at 1.01 pm.

The minutes of this meeting were confirmed as a true and correct record at the Ordinary Council meeting held on 11 September 2023.

CHAIRPERSON

- 8 DECLARATION OF CONFLICTS OF INTEREST
- 9 DEPUTATIONS, PRESENTATIONS, PETITIONS

Nil

10 RECOMMENDATIONS FROM OTHER COMMITTEES

Nil

#### 11 BUSINESS

#### 11.1 Mount Maunganui Parking Strategy

**File Number:** A14964754

Author: Reece Wilkinson, Parking Strategy Manager

Authoriser: Nic Johansson, General Manager: Infrastructure

#### **PURPOSE OF THE REPORT**

1. To request approval to begin the process of engaging with the public regarding the draft Mount Maunganui Parking Strategy.

#### **RECOMMENDATIONS**

That the Council:

- (a) Receives the report "Mount Maunganui Parking Strategy".
- (b) Approve engagement for finalisation and implementation of the Mount Maunganui Parking Management Plan to be undertaken with the affected community.

#### **EXECUTIVE SUMMARY**

- 2. With the approval and implementation of the Tauranga Parking Strategy (November 2021) and the following Tauranga Central City Parking Management Plan implemented in October 2022, we have seen the re-introduction of paid parking in the City Centre since November 2022. 5 key outcomes were outlined in the Tauranga Parking Strategy
  - (i) Improving vibrant centres and access to centres
  - (ii) Enabling multi-modal transport system
  - (iii) Enabling more attractive compact urban form
  - (iv) Supporting access for all
  - (v) Ensuring value for money and best use of resources
- The central city parking plans have been adjusted as the implementation of paid parking has been underway to respond to changing economic situations for businesses and workers in the central city.
- 4. In late 2022 a draft Parking Management Plan (PMP) for Mount Maunganui was commissioned. The plan utilised the same methodology and goals as our wider Parking Strategy and the Tauranga Central City Parking Management Plan. This plan has highlighted issues associated with parking availability in the Mount area especially over the summer period. The plan seeks to provide better parking turnover to better cater for business needs, worker parking and to reduce the amount of traffic circling the area to locate a carpark in the peak times.
- 5. Staff are requesting approval to move forward with engagement for the Mount Maunganui PMP with the community to ensure assist in resolving the issues raised in the parking plan and to ensure a consistent parking strategy is applied Tauranga wide avoiding potential inequities from inconsistent application of our wider strategy.

#### **BACKGROUND**

- 6. The Tauranga Parking Strategy was implemented in 2021 and while it applies across the city it also outlines the needs for a variety of tailored Parking Management Plans. Council has completed the central City and Mount plans and has commissioned a plan for the Greerton and hospital areas.
- 7. The parking strategy was developed to guide the provision of carparking across the city and to guide how it was provided and the aspects such as recovery of the costs for the provision of parking. In addition it linked how parking and parking provision influences aspects such as mode choice, housing intensification etc.
- 8. Some challenges faced in wider Tauranga area outlined in the Parking Strategy are:
  - (i) Strong growth and increasing demand for parking.
  - (ii) Availability of parking spaces.
  - (iii) Cost of providing parking for rate payers.
- 9. While Mount Maunganui is not the only area facing these challenges it is the busiest example outside of the City Centre due to the busy commercial area and the number of visitors going to the Mount to visit and holiday. It is preferrable to provide a tailored Parking Management Plan to key areas in the City to ensure local challenges and considerations are taken into account.
- 10. The plan developed by MRCagney is a technical piece of work and outlines what is required to balance the parking needs in the area. This needs to be tested with the community to ensure it aligns with their aspirations and views which is why staff would like to undertake community engagement on the plan. The final plan to be implemented will be influenced by the community views.
- 11. The Mount Maunganui area outlined below currently contains approximately 2600 parking spaces with 83% being uncontrolled. Occupancy in these areas is constrained during peak seasons and good weather days. It is not uncommon to be faced with vehicles moving around in circles as they wait for a space to be available further exasperating traffic woes in the area.



12. Limited parking controls do exist most notably along Maunganui Rd in the form of P60 time limits. Unfortunately, the P60 time limits are not fit for purpose during high demand days and seasons. Infrequent enforcement means it's not uncommon for people to park well beyond the 60 minutes allotted along the main street. The 60-minute time frame also does not allow visitors long enough to be able to use the area as intended, a meal and some shopping will push most people beyond that time frame.

The map below outlines the time restriction currently in the Mount Maunganui Town Centre.



An initial survey conducted on the 19<sup>th</sup> of August took place covering the Mount Area from Sutherland Ave up and showed the average length of stay was 2 hours, with approximately 859 vehicles parking out of 1907 parking longer than an hour (the area covered is shown below).





- 13. Parking frequently reaches capacity in the central residential area (north of Banks Ave) with people often being unable to find parking to visit destinations in the area, contributing to increasing traffic by circling the area waiting to find a carpark. The area is also known to handle many staff for the businesses located in the area who don't want to risk overstaying the time limits on Maunganui Rd.
- 14. The situation in the outlined area results in an area that is difficult to access for all parties, customers visitors and tourists. Pedestrians find safety an issue as drivers lose patience waiting for spaces and are distracted while driving through tightly packed residential streets. Those with extra mobility requirements also often find vehicles parked across pavements and kerbs limiting their access to the area.

#### STRATEGIC / STATUTORY CONTEXT

15. While the City Centre has had paid parking implemented for decades in various forms, paid parking outside of the central city is new to Tauranga. However, Mount Maunganui is now seeing more pressure for parking than the city centre was during the implementation of the City Centre parking management plan.

Peak occupancy is higher than was seen over most of the city centre.





16. Parking is a cost to Council who need to build the additional road space and then maintain the signage, road marking, street cleaning and renewal of the road surface. This cost is paid for via rates and ratepayers as part of the annual costs to provide a roading network.

For your information I have included the below costs for from both the City Centre Parking Management Plan and Mount Maunganui. Currently the rate payer is covering a higher annual resource cost for Mount Maunganui than it was when City Centre parking was free.

Parking Area	Number of Parking Spaces	Daily Cost / Car Park	Aggregate Resource Cost (daily)	Aggregate Resource Cost (annual)
City Centre Core	2483	\$9.98 - \$19.73	\$30,765	\$11,229,048
City Centre Fringe	1194	\$7.23 - \$11.97	\$9,218	\$3,364,538
Res Fringe (incl. School)	872	\$6.61 - \$10.83	\$6,525	\$2,381,654
11th Ave Commercial	462	\$5.88	\$2,717	\$991,614
Grand Total	5,011	100000	\$49,224	\$17,966,854

Parking Area	Parking Spaces	Daily Cost per Car Park	Aggregate Resource Cost (daily)	Annual Aggregate Resource Cost
Town Centre	773	\$14 - \$25	\$12,064	\$4.4M
Beachfront*	1087	\$26	\$28,262	\$10.3M
High Density Residential	499	\$18 - \$32	\$9,077	\$3.3M
Suburban Residential	420	\$13	\$5,508	\$2.0M
Total	2779	\$13 - \$32	\$54,911	\$20.0M

"Note: excludes the Mount Hot Pools, the Mount Maunganui Holiday Park, and the Mount Maunganui Lifeguard Service car parking areas

- 17. In the central city, the parking charges ensure that the costs of providing the infrastructure is partly covered by the direct users of the space. It is appropriate that a similar structure is implemented in other areas of the city to ensure the costs for the provision of carparking is appropriately split between ratepayers and users.
- 18. Parking for different types of users is a major consideration with parking in Mount Maunganui. In the Mount Maunganui Town Centre parking is split between workers, customers, and visitors.

In the City Centre workers are covered by our off-street parking sites while Visitors and Customers use the on-street parking facilities. In Mount Maunganui we are limited for off street parking facilities as free parking in the area has limited the ability for companies to establish off street parking sites.

The Mount Maunganui area is split between 4 precincts marked on the map below.



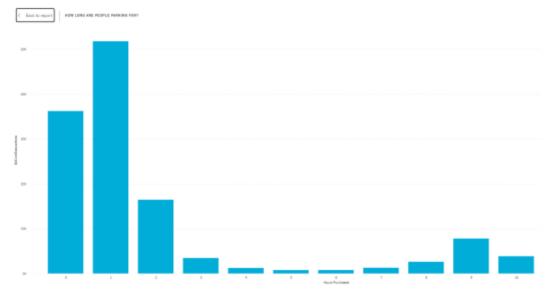
Over the medium term the beach front could be utilised during the off season, and the Suburban Residential area would remain uncontrolled allowing people to stay all day. Moving traffic away from high occupancy Town Centre and High-Density Residential Sites.

Over time we expect Town Centre businesses to utilise any carparks available along the back of the lanes for either paid parking or staff parking as required.

We could also institute workers passes during the tourist season that allow them to park in various zones (like the high density residential) at a reduced rate. Though we will have to monitor usage of these in the future.

- 19. Expected outcomes for the plan could vary based on engagement with the public. However, if we implemented a plan broadly similar to the city centre parking management plan we could expect the below outcomes.
  - (i) Higher turnover of town centre spaces with an average stay of less than 2 hours for on street.

Current break down of city centre parking times.



- (ii) Lower occupancy allowing people to park outside their destination.
- (iii) Less burden on ratepayer for parking in the Mount Maunganui Area.
- (iv) Development of private off-street carparks over the long term.
- 20. Engagement will be a requirement when approaching the community regarding the proposed changes. The public will have valuable input into the issues at hand that will need to be considered.

#### **OPTIONS ANALYSIS**

- 21. Options for creation and implementation of the Mount Parking Management Plan are relatively limited. Our recommendation is to begin engagement as the area has never had paid parking before. Other options include
  - (i) Informing the public without consultation or engagement (least preferred option as doesn't allow for adjustment to the plan based on public feedback)
  - (ii) Consultation with the public
  - (iii) Engagement with the public (recommended)
- 22. Engagement with the public will allow Council to adjust paid parking zones and parking type throughout the engagement phase. While the initial plan is for the beach front areas to be seasonal and the town centre to be year-round for parking charges this could be adjusted

accordingly. A plan will have to be established for all day parking to provide options for workers requiring all day parking.

#### **FINANCIAL CONSIDERATIONS**

- 23. Parking is not free. On-street parking is expensive to maintain and limits the ability for transport corridors to focus on moving people efficiently. When you consider car parks outside areas of high demand, the cost increases, as it limits the ability for customers to access stores add the increasing cost of land in higher density areas this problem is exasperated.
- 24. Currently Tauranga rate payers subsidise free parking through their rates. The increasing maintenance costs of the transport network is applicable nationwide and does apply to the road networks, parking spaces. We also need to keep in mind that the Mount faces parking pressures from visitors who may not be paying into maintaining our network.
- 25. Aggregate resource cost of parking as outlined in the first draft parking management plan is below.

Parking Area	Parking Spaces	Daily Cost per Car Park	Aggregate Resource Cost (daily)	Annual Aggregate Resource Cost
Town Centre	773	\$14 - \$25	\$12,064	\$4.4M
Beachfront*	1087	\$26	\$28,262	\$10.3M
High Density Residential	499	\$18 - \$32	\$9,077	\$3.3M
Suburban Residential	420	\$13	\$5.508	\$2.0M
Total	2779	\$13 - \$32	\$54,911	\$20.0M

"Note: excludes the Mount Hot Pools, the Mount Maunganul Holiday Park, and the Mount Maunganul Lifeguard Service car parking areas

- 26. Depending on how paid parking is introduced at the Mount we could see some major benefits to the local community.
  - Paid parking based on hourly parking charges in town centre estimated revenue of \$1.6 million and beachfront parking bays estimated revenue of \$0.2 million and total annual operating costs of \$0.3 million. Forecast surplus of \$1.5 million.
  - Time limited parking The level of revenue is unlikely to cover the costs of enforcement.
- 27. With the surpluses gained from implementing paid parking we limit the burden on the rate payer for subsidising parking in the area. We also have the opportunity to use the funds to cover further improvements such as boardwalk and dune maintenance, beach grooming, beach ambassadors rather than these services be entirely rate funded.

## **LEGAL IMPLICATIONS / RISKS**

28. A potential risk when engaging in public consultation is that we may not get support from all members of public included. A communications plan will be necessary to ensure public involvement from all perspectives.

#### **CONSULTATION / ENGAGEMENT**

29. Engagement for the Parking Management Plan is planned to take place in November with the wider LTP engagement ensuring time to include provisions with all stakeholders in the Mount Maunganui Area.

#### **SIGNIFICANCE**

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

#### **ENGAGEMENT**

33. Taking into consideration the above assessment, that the decision is of medium significance, officers are of the opinion that the following engagement is required.

#### **NEXT STEPS**

34. TCC finalises the Mount Maunganui Parking Management Plan and begins public engagement on implementing our parking strategy in the area. We hope to begin the process by the end of the calendar year to get ready for implementation for the 2024 Tourist season.

#### **ATTACHMENTS**

Nil

## 11.2 Significant Forecasting Assumptions

File Number: A14921416

Author: Sarah Holmes, Corporate Planner

Authoriser: Paul Davidson, Chief Financial Officer

#### **PURPOSE OF THE REPORT**

1. For the Council to adopt the Significant Forecasting Assumptions (SFA) which underpin the draft 2024-34 Long-term Plan and consultation document.

#### **RECOMMENDATIONS**

That the Council:

- (a) Receives the report "Significant Forecasting Assumptions".
- (b) Approves the Recommendation from the Strategy, Finance and Risk Committee that Council:
  - (i) Adopts the full updated Draft Significant Forecasting Assumptions (Attachment 1) to form part of the supporting documentation for the purpose of public consultation for the proposed Long-term Plan 2024-2034 in November 2023.
  - (ii) Authorises the Chief Executive to make minor amendments to the documentation to ensure accuracy and correct minor drafting errors.
- (c) Approves the Significant Forecasting Assumptions and associated mitigation actions for audit as set out in **Attachment 1**.

#### **EXECUTIVE SUMMARY**

- 2. The draft SFAs are presented to Council for adoption to underpin the planning for the 2024-2034 Long-term Plan (LTP).
- 3. The SFAs have been developed iteratively since late 2022 building on those used for the Long-term Plan 2021-2031 with adjustments, additions and exclusions made to reflect updated data from third parties, legislative changes and the impacts of COVID-19.

#### **BACKGROUND**

- 4. An LTP is prepared every three years, covers ten years (and includes an Infrastructure Strategy for a 30-year period), must include specific information as prescribed in the Local Government Act 2002 (LGA), must be audited, and can only be adopted after a period of public consultation on a consultation document which itself also needs to be audited<sup>1</sup>.
- 5. The SFAs are one of the essential building blocks in developing the LTP. They represent the important trends and projections that are expected to affect the Council and the city, and the assumptions that have been made when preparing plans, programmes, and financial forecasts. They are applied consistently across activity areas.
- 6. For each assumption, Council identifies what is assumed and why, along with the level of uncertainty, risks and associated effects, i.e. what the result might be if events are materially different to those assumed. Alongside each assumption are mitigation actions that council can take to minimise the uncertainty and effects.

<sup>1</sup> Sections 93(3), 93(7), 101B(1), 94, 93(2) and 93A(4), Local Government Act 2002 respectively.

- 7. The Significant Forecasting Assumptions are based on reliable data sources, both internal and external. External sources include Tatauranga Aotearoa Stats NZ, NIWA and GHD, among others.
- 8. The key assumptions represent the most important items for consideration in our planning. However, each activity may also have their own specific assumptions.
- 9. The draft SFAs were presented to Council on 27 February 2023, with resulting changes then presented to the Strategy, Finance and Risk (SFR) Committee on 26 June 2023. At the 26 June 2023 Strategy, Finance and Risk Committee meeting, the committee approved the recommended changes to the Significant Forecasting Assumptions and noted the assumption on "Impact on growth beyond city boundaries" was to be updated.

#### **CHANGES TO ASSUMPTIONS**

- 10. Assumptions #1 (Population and Dwellings) and #19 (Sale of assets) have been updated, reflecting the Council's decision on 4 September 2023 updating the dwelling capacity assessment work undertaken for proposed Plan Change 33 Enabling Housing Supply and aligning the city dwelling projections and allocations.
- 11. Assumption #34 now includes some narrative on advancing technologies such as natural language processing (artificial intelligence).
- 12. Following the recommendation from SFR, the assumption regarding growth beyond city boundaries has been split into two assumptions (#41 and #42) with 41 focused on impacts of growth on transportation and 42 focused on impacts of growth on community facilities.
- 13. A new assumption (#43) has been added to reflect the risks associated with Waka Kotahi funding of the Transport System Plan projects, and that the ratepayer portion of Te Manawataki o te Papa would be funded by levy under the Infrastructure Funding and Financing legislation.
- 14. A new assumption (#44) has been added about the Water Services Reform impact on overhead allocations.
- 15. A new assumption (#45) about depreciation reserves has been added.
- 16. Additionally, changes have been made to some assumptions to maintain currency. These changes have been included as tracked changes and are summarised as follows:
  - (a) Assumption #1 regarding household projections has been updated to include projected dwellings.
  - (b) Assumption #3 on ethnicity has been updated to include clarity that subtotals do not add up to 100% due to people being able to select more than one ethnicity.
  - (c) Assumption #10 has been updated to reflect the release of The Review into the Future for Local Government final report.
  - (d) Minor changes to assumption #17 have been made to clarify some matters, and remove IFF funding, as this is not available where Development Contributions are used.
  - (e) Assumption #21 has been updated to note that government restrictions and rules regarding COVID-19 have now been removed.
  - (f) Assumption #23 has a bullet added regarding the use of external sources of funding.
  - (g) Assumption #30 regarding the Housing Infrastructure Fund (HIF) has been updated due to the signing of the loan agreement with the Ministry of Housing at the end of June 2023.

#### STRATEGIC / STATUTORY CONTEXT

17. Schedule 10, Section 17 of the Local Government Act 2002 (LGA 2002), requires Council to identify significant forecasting assumptions.

- 18. Similarly, section 94(b) LGA 2002, requires that these assumptions be audited, with the quality of the information and assumptions underlying the forecast information to be commented on.
- 19. Assumptions are also a requirement of the financial accounting standards (under the GAAP Accounting standard PBE FRS 42 Prospective Financial Information).

#### **OPTIONS ANALYSIS**

Option 1: Council adopts the draft Significant Forecasting Assumptions (SFAs) as per Attachment 1.

	Advantages		Disadvantages		
<ul> <li>Managers have reviewed the SFAs and have made recommendations based on reasonable expectations</li> <li>The SFAs reflect best practice guidance</li> <li>The SFAs provide clarity and certainty to council staff in preparing the LTP</li> <li>The assumptions form the basis of planning and are auditable.</li> </ul>		•	There are no disadvantages, and limited risk to adopting the SFAs. The SFAs will undergo an audit before going through the public consultation process as part of the LTP.		
Key risks	Some updating of assumption and re-work of elements of the LTP may be inevitable due to the ever-changing environment which it is being prepared in.				
Recommended?	Yes				

## Option 2: Council does not approve, or requires further rework of the updated draft Significant Forecasting Assumptions

Advantages		Disadvantages		
Potential opportunities for SFAs to be amended and reconsidered.		<ul> <li>Will delay the Further staff time required to consider or reconsider SFAs</li> <li>Delay in adopting the SFAs (depending on the duration) may delay preparation of the LTP.</li> </ul>		
Key risks Delay in accepting		cepting the SFAs may jeopardise timely delivery of the LTP.		
Recommended? No				

## **FINANCIAL CONSIDERATIONS**

20. There are no specific costs associated with option one, however pursuing option two could lead to time delays as processes and decision-making may need to be revisited.

#### **LEGAL IMPLICATIONS / RISKS**

21. The recommendation meets the legislative requirements of the LGA and reflect best practice in preparing the LTP.

## **CONSULTATION / ENGAGEMENT**

22. The community are able to submit on the Significant Forecasting Assumptions as part of the formal consultation on the LTP in November-December 2023.

#### **SIGNIFICANCE**

23. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal

- or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
- 24. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
  - (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  - (b) any persons who are likely to be particularly affected by, or interested in, the matter.
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
- 25. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the LTP and its contents is of <u>high</u> significance. However, this decision is considered to be of low significance.

#### **ENGAGEMENT**

26. Taking into consideration the above assessment, that the decision is of low significance, staff are of the opinion that no further engagement is required prior to Council undertaking engagement on the Significant Forecasting Assumptions as part of the supporting information alongside the LTP Consultation Document.

#### **NEXT STEPS**

- 27. Following approval of the LTP documentation on 11 September, Audit New Zealand carries out an audit on the information, financials, and underlying assumptions.
- 28. The final audited documents are expected to be approved by the Council for public consultation in November 2023, and the draft SFAs will be consulted on as supporting information alongside the LTP consultation document from 15 November to 15 December 2023.
- 29. Hearing and deliberations on public feedback will be held in early 2024, with adoption of the LTP scheduled for April 2024.

#### **ATTACHMENTS**

1. 2024-34 LTP Significant Forecasting Assumptions - A14341485 (Separate Attachments 1)

#### 11.3 2024-2034 Long-Term Plan - Adoption for Audit of the Draft Infrastructure Strategy

File Number: A14990174

Author: Fiona Nalder, Principal Strategic Advisor

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

#### **PURPOSE OF THE REPORT**

1. To gain approval to provide the Draft Infrastructure Strategy, a supporting document for the 2024-2034 Long-Term Plan, to Audit New Zealand.

#### **RECOMMENDATIONS**

That the Council:

- (a) Receives the report "2024-2034 Long-Term Plan Adoption for Audit of the Draft Infrastructure Strategy".
- (b) Adopts the draft Infrastructure Strategy, as set out in **Attachment 1**, as a supporting document for the draft 2024-2034 Long-Term Plan, for submission to Audit New Zealand.
- (c) Delegates authority to the Chief Executive to make editorial amendments to the draft Infrastructure Strategy, if required, prior to it being submitted to Audit New Zealand.
- (d) Notes a revised version of the Infrastructure Strategy, following any amendments required by Audit New Zealand and for graphic design purposes, will be provided to Council for its approval in early November 2023.

#### **EXECUTIVE SUMMARY**

- 2. This paper recommends adoption of the draft Infrastructure Strategy (**Attachment 1**), a supporting document for the 2024-34 Long-term Plan (LTP), to enable auditing of the Strategy. This is a key step in progressing towards the eventual adoption of the 2024-34 Long-term Plan.
- 3. The Infrastructure Strategy has been prepared based on guidance received from Commissioners at two LTP workshops in June and July 2023 and Council decisions throughout 2023 (to date). It must be available to Audit New Zealand as part of their statutory audit.
- 4. The results of this audit will be provided to Council in early November 2023, at which time Council will be requested to approve the revised Infrastructure Strategy for consultation, as part of the LTP consultation process. Council will receive public submissions between 15 November 2023 to 15 December 2023, and hold hearing and deliberations in February and March 2024, before adopting the final Infrastructure Strategy, as part of the LTP.

#### **BACKGROUND**

- 5. The purpose of a Long-term Plan (LTP) is to:
  - describe the activities of the local authority; and
  - describe the community outcomes of the local authority's district; and
  - provide integrated decision-making and co-ordination of the resources of the local authority; and
  - provide a long-term focus for the decisions and activities of the local authority; and

- provide a basis for accountability of the local authority to the community<sup>2</sup>.
- 6. An LTP is prepared every three years, covers ten years, and includes an Infrastructure Strategy that covers 30 years. It must include specific information described in the Local Government Act 2002 (LGA), must be audited, and can only be adopted after a period of public consultation on a consultation document which itself also needs to be audited<sup>3</sup>.
- 7. This paper seeks Council adoption of the Infrastructure Strategy for the LTP, to enable audit.

#### **INFRASTRUCTURE STRATEGY**

- 8. Section 101B of the Local Government Act 2002 requires Council to prepare and adopt an Infrastructure Strategy (**Attachment 1**), covering a period of at least 30 years. The Strategy identifies significant infrastructure issues, and options for managing these, including estimating costs.
- 9. At a strategic level, the Infrastructure Strategy is guided by Council's Our Direction, which weaves together Council's five community outcomes (what we are trying to achieve for our communities) and three approaches (how we will do everything). Council's Our Direction outlines how Council will work towards delivering on the City Vision, *Tauranga, together we can.*
- 10. At an activity level, Council has a number of plans and strategies that provide the foundation for the Infrastructure Strategy. These include action and investment plans, asset management plans, Our Public Places Strategic Plan, the 30-year Water Supply, Wastewater and Stormwater Strategies, the Urban Form and Transport Initiative's Connected Centres Programme, the Community Facilities Investment Plan, the Otumoetai and Te Papa Spatial Plans, and the Western Bay of Plenty Transport System Plan.
- 11. The investment budgets set out in the Infrastructure Strategy are summarised in the table below.

	Growth	Level of Service	Renewal	TOTAL
Water supply	\$31,676,326	\$35,424,740	\$33,114,560	\$100,215,626
	(\$708,714,285)	(\$352,067,931)	(\$663,481,612)	(\$1,724,263,827)
Wastewater	\$73,716,628	\$4,812,616	\$37,119,649	\$115,648,894
	(\$735,865,606)	(\$520,127,342)	(\$1,076,299,567)	(\$2,332,292,515)
Stormwater	\$14,855,074	\$17,437,926	\$2,979,246	\$35,272,245
	(\$124,221,125)	(\$2,615,702,004)	(\$73,195,709)	(\$2,813,118,837)
Transport	\$2,563,976,852	\$1,352,465,734	\$930,725,045	\$4,847,167,632
Social and Civic Amenity	\$372,172,687	\$1,099,273,507	\$405,621,619	\$1,877,067,812
TOTAL	\$3,056,397,567	\$2,509,414,523	\$1,409,650,118	\$6,975,372,209
	(\$4,504,950,555)	(\$5,939,636,517)	(\$3,149,323,511)	(\$13,593,910,623)

Note: figures in italics and brackets include the full 30 year estimates for water supply, wastewater and stormwater, otherwise only years 1 and 2 are included.

- 12. This investment is essential to ensure that our communities can enjoy what the city has to offer and rely on the services that Council provides.
- 13. Councils are not required to include the water supply, wastewater and stormwater activities in their Infrastructure Strategies for this LTP, as the Strategy covers 30 years and councils only have responsibility for water services for years 1 and 2. However, it was decided to still

<sup>&</sup>lt;sup>2</sup> Section 93(6), Local Government Act 2002

<sup>&</sup>lt;sup>3</sup> Sections 93(3), 93(7), 101B(1), 94, 93(2) and 93A(4), Local Government Act 2002 respectively.

include these activities in Tauranga's Infrastructure Strategy, to increase transparency regarding the service delivery of these essential activities for our communities, and to highlight the risks and challenges facing these activities over the coming 30 years. The Strategy clarifies throughout whether waters figures refer to years 1 and 2 only, or whether they refer to the full 30 year projections.

14. The Infrastructure Strategy addresses key issues for Tauranga.

#### Delivering for our existing communities

15. Underinvestment over a number of decades means that Tauranga is lacking in some of the infrastructure it needs to support its existing communities, and to build a sense of vibrancy and connectedness. This Infrastructure Strategy, alongside the LTP, has a focus on delivering much needed amenity and essential infrastructure for Tauranga's people, including the revitalisation of the city centre via Te Manawataki o Te Papa and other intiativies.

## **Growth and infrastructure planning**

16. A rapidly growing population means that Council needs to facilitate urban development with the right infrastructure at the right time. This includes infrastructure for new houses, intensification in existing urban areas, improved transport choices, and social infrastructure that supports our community to connect, learn, play and stay healthy. Financial constraints mean that Council needs to prioritise growth areas and schedule investment over time. The Infrastructure Strategy sets out Council's approach to this.

### Sustainability and resilience

17. The Bay of Plenty's climate is changing, and these changes will continue for the foreseeable future. Additionally, Tauranga is vulnerable to a range of natural hazards that have the potential to affect our infrastructure. Understanding how we mitigate risk from natural hazards and respond to climate change is a key focus for Council, to ensure the sustainability of the City and to assist in protecting and enhancing its environment for future generations.

#### Water reform

- 18. Central government is working on water reforms, which will change how water services (drinking water, wastewater and stormwater) are delivered across New Zealand. These reforms propose removing the responsibility for water services from councils and transferring them to 10 publicly owned, specialised water service entities based around existing regions. The Bay of Plenty water entity will include the water services currently provided by the following councils: Rotorua Lakes, Kawerau District, Opotiki District, Tauranga City, Western Bay of Plenty District, and Whakatane District.
- 19. To reflect these proposed changes, detailed financial information for water services (drinking water, wastewater and stormwater) is only included for years 1 and 2 of the Infrastructure Strategy, with the assumption that Council will no longer be responsible for water infrastructure from 1 July 2026. However, the general strategic direction identified for water services over the next 30-years, including significant projects which Council has identified as required in the future, are still discussed in the Strategy.
- 20. A new activity, flood control, commences in year 3 of this Infrastructure Strategy. The flood control activity refers to all the work and investment by Council into managing water flows across land, before it enters the reticulated waters systems, e.g. overland flowpaths.
- 21. If New Zealand sees a change of government in the 2023 elections, it is possible that an alternative approach is taken towards ensuring sustainable delivery of water services by councils (i.e. not the water entity model). Council has developed 30-year strategies for water supply (drinking water), wastewater and stormwater, as well as 10-year asset management plans. These strategies and asset management plans will be relevant for whichever organisation manages waters services going forward and have informed content in this Infrastructure Strategy.

#### STRATEGIC / STATUTORY CONTEXT

- 22. Section 93(G) LGA 2002, requires that before adopting a consultation document under s93(A) that a local authority must prepare and adopt the information that:
  - (a) is relied on by the content of the consultation document adopted under section 93A; and
  - (b) is necessary to enable the Auditor-General to give the reports required by sections 93C(4) and 93D(4); and
  - (c) provides the basis for the preparation or amendment of the LTP.
- 23. The Infrastructure Strategy forms part of the supporting documentation that underlies the consultation document and is part of the overall LTP package.
- 24. Additionally, the Infrastructure Strategy supports Council in delivering on the City Vision and Community Outcomes, primarily the Community Outcome 'Tauranga Tātai Whenua: a well-planned City'.

#### **OPTIONS ANALYSIS**

25. There are two options for consideration:

## Option 1: Council adopts the draft Infrastructure Strategy for submission to Audit New Zealand for formal audit. (RECOMMENDED)

26. Council approves the draft Infrastructure Strategy (Attachment 1).

Advantages	Disadvantages		
Keeps within the current timeframes	Does not allow for any significant		
agreed to for the development of the	amendments to the draft Infrastructure		
LTP	Strategy.		

# Option 2: Council does not adopt the draft Infrastructure Strategy for submission to Audit New Zealand for formal audit. (NOT RECOMMENDED)

27. Council does not approve the draft Infrastructure Strategy (Attachment 1).

Advantages	Disadvantages		
Potential for the Infrastructure Strategy to be amended and reconsidered.	Delay in adopting the Infrastructure Strategy (depending on the duration) may delay preparation of the LTP.		

#### **FINANCIAL CONSIDERATIONS**

28. There are no specific costs associated with adopting the Infrastructure Strategy for audit (costs form part of the overall LTP development project), however not adopting the Infrastructure Strategy for audit will lead to time delays and potentially additional costs.

#### **LEGAL IMPLICATIONS / RISKS**

29. Legislative issues are considered in the Background, Infrastructure Strategy and Strategic/Statutory Context sections of this report.

#### **CONSULTATION / ENGAGEMENT**

30. The LTP Consultation Document and supporting documentation is scheduled to be adopted in early November 2023. After adoption it will be consulted on with the community using the special consultative procedure outlined in section 93A of the Local Government Act 2002.

#### **SIGNIFICANCE**

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

#### **ENGAGEMENT**

34. No engagement is required at this time (as the decision to adopt the Infrastructure Strategy for audit purposes is of low significance). Once the Infrastructure Strategy is adopted as supporting material alongside the LTP consultation document in early November 2023, it will be consulted on with the community in accordance with section 93A of the Local Government Act 2002.

#### **NEXT STEPS**

- 35. If Council approves the recommendations of this report, the Infrastructure Strategy will be provided to Audit New Zealand for their audit.
- 36. Once that audit is completed, the Infrastructure Strategy will be revised as necessary and presented to Council for adoption in early November 2023, along with the draft consultation documentation and other supporting information for the LTP. If adopted at this point, the Infrastructure Strategy will be consulted on via the Special Consultative Procedure required by the LGA. Council decision making may require further changes through this process.

## **ATTACHMENTS**

1. DRAFT Infrastructure Strategy - 11 September 2023 - A15025210 🗓 🖫

Long Term Plan 2024 - 2034

## **Draft Infrastructure Strategy**

## 1. Introduction

## 1.1 Purpose

One of Tauranga City Council's (Council's) primary roles is to plan, deliver and maintain the infrastructure needed for our city.

Together with the Financial Strategy, our Infrastructure Strategy outlines how Council intends to deliver on its infrastructure responsibilities in alignment with our community outcomes, primary strategies and legislative reponsibilities.

To ensure our infrastructure programme delivers on our community outcomes and local government responsibilities, we are focusing on:

- Delivering an infrastructure programme which can be supported by our Financial Strategy.
- Taking a balanced approach to addressing growth and resilience pressures, whilst still delivering the amenity and infrastructure needed to create a vibrant and connected communities.
- Maintaining our current levels of services and taking a prudent and sustainable approach to caring for our existing assets.

Our Infrastructure Strategy is driven by Council's overarching strategic direction and informed by a range of asset management plans, activity based strategies, and action and implementation plans.

#### 1.2 Content

#### **Definition of Infrastructure**

Infrastructure, in this strategy, is the 'hardware' that delivers core Council services. This includes structures, pipes and fittings, pumps, treatment plants, reservoirs, roads, footpaths, bridges, green infrastructure (swales, rain gardens) as well as the hardware that provides for social amenity such as libraries, community centres, reserves, sports facilities, and performance facilities.

The following table outlines which Council activities are included and excluded from this Infrastructure Strategy.

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#### Included

- Airport infrastructure
- Water supply (drinking water) activity
- Wastewater activity
- Stormwater activity
- Flood control (new) activity
- Transport activity
- Social and Civic Amenity (includes libraries, sports fields, parks and reserves, community facilities, Bay Venues assets, Baycourt and the civic centre redevelopment package)
- ICT Infrastructure
- Waste management activity
- Dog management activty
- Cemetries activity
- Emergency management activity
- Marine precinct, seawalls, wharfs and boat ramps (with the exception of the city centre waterfront redevelopment, which is included in the social and civic amenity section)

Excluded

Adminstrative and property infrastructure

Our assets are currently valued at \$5.5 billion with annual depreciation of \$58 million.

Other infrastructure helps create the places we want to live, work, learn and play including the telecommunications networks, electricity networks, gas networks, the rail network, the state highway network owned by Waka Kotahi (New Zealand Transport Agency) and schools. Council recognises the importance of those other networks; however, this strategy focuses only on Council's role in infrastructure.

#### A long-term approach

Our Infrastructure Strategy, along with our Financial Strategy, forms part of our 2024-2034 Long Term Plan. The majority of the Long Term Plan, including the Financial Strategy, has a 10-year focus, setting out operational and capital budgets on an annual basis for 10 years. However the Infrastructure Strategy is different and covers a 30 year period. Infrastructure is costly to build and maintain, and frequently has an intended life span of 50-plus years. For these reasons councils have a requirement to take a long term view of their infrastructure programmes, planning for the needs of communities well in advance and ensuring that comprehensive maintenance and renewal programmes are in place.

The first three years of this Strategy provide the most certainty in terms of likely outcomes, with years four to ten having a reasonable level of certainty. The forecasts from year 11 are indicative and will be developed over time, however they also capture a number of critical projects that have been pushed outside of years 1-10, due to funding and financing constraints. Over time the forecasted projects and associated expenditure for years 11+ will be refined as further information becomes available, and Council will update its approaches and decisions relating to these projects.

#### Planning for the future of our water infrastructure

Central government is working on water reforms, which will change how our water services (drinking water, wastewater and stormwater) are delivered across New Zealand. These reforms propose removing the responsibility for water services from councils and forming new regional organisations which will deliver and manage these services. The water services that are currently run by 67 councils across New Zealand will be combined into 10 publicly owned, specialised water service entities based around existing regions. The Bay of Plenty water services entity will include the water services currently

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provided by the following councils: Rotorua Lakes, Kawerau District, Opotiki District, Tauranga City, Western Bay of Plenty District, and Whakatane District.

The entities will be owned by local councils on behalf of the public, but will be operationally and financially independent from them. A staggered approach will be taken to implementation, with water service entities becoming operational over a period from early 2025 to 1 July 2026. A 'go live' date of of 1 October 2025 has been proposed for the Bay of Plenty water services entity, however this date has not yet been finalised. For the purposes of this Infrastructure Strategy, it has been assumed that Council has the responsibility for deliver of all water services for years 1 & 2 of this Strategy and the Water Services Entity takes on its responsibilities from year 3 onwards

To reflect these proposed changes, detailed financial information for water services (drinking water, wastewater and stormwater) provided in two formats in the Infrastructure Strategy:

- Totals for years 1 and 2 of the Strategy, with the assumption that Council will no longer be responsible for water infrastructure from 1 July 2026.
- Totals for the full 30 year period of the Strategy, to provide our communities with an indication
  of the level of the investment Council views as needed in the future. Note that while these
  figures and corresponding work programmes will be provided to the new water service entity,
  there is no commitment to these work programmes being implemented as outlined in this
  Strategy. The water service entity will develop their own work programme for the region.

The general strategic direction indentified for water services over the next 30-years, including significant projects which Council has identified as required in the future, are also discussed. These projects and considerations will be shared with the new water service entity for Bay of Plenty, and integrated as appropriate into their forward planning processes.

A new activity, flood control, commences in year 3 of this Infrastructure Strategy. The responsibilities, role and scope of the flood control activity need to be further refined, and this will happen in discussion with the Bay of Plenty waster services entity. Some limited information regarding the likely scope of this activity is included in this Strategy.

If New Zealand sees a change of government in the 2023 elections, it is possible that an alternative approach is taken towards ensuring sustainable delivery of water services by councils (i.e. not the water entity model). Council has developed 30-year strategies for water supply (drinking water), wastewater and stormwater, as well as 10-year asset management plans. These strategies and asset management plans will be relevant for whichever organisation manages waters services going forward, and have informed content in this Infrastructure Strategy.

# 1.3 The cost of our investment commitment (Looking after our assets)

	Growth	Level of Service	Renewal	TOTAL
Water supply	\$31,676,326	\$35,424,740	\$33,114,560	\$100,215,626
	(\$708,714,285)	(\$352,067,931)	(\$663,481,612)	(\$1,724,263,827)
Wastewater	\$73,716,628	\$4,812,616	\$37,119,649	\$115,648,894
	(\$735,865,606)	(\$520,127,342)	(\$1,076,299,567)	(\$2,332,292,515)

3

	Growth	Level of Service	Renewal	TOTAL
Stormwater	\$14,855,074	\$17,437,926	\$2,979,246	\$35,272,245
	(\$124,221,125)	(\$2,615,702,004)	(\$73,195,709)	(\$2,813,118,837)
Transport	\$2,563,976,852	\$1,352,465,734	\$930,725,045	\$4,847,167,632
Social and Civic Amenity	\$372,172,687	\$1,099,273,507	\$405,621,619	\$1,877,067,812
TOTAL	\$3,056,397,567	\$2,509,414,523	\$1,409,650,118	\$6,975,372,209
	(\$4,504,950,555)	(\$5,939,636,517)	(\$3,149,323,511)	(\$13,593,910,623)

Note: figures in italics and brackets include the full 30 year estimates for water supply, wastewater and stormwater, whilst non-italised numbers only include the estimates for years 1 and 2 of water supply, wastewater and stormwater.

## 1.4 Our changing environment

#### An ageing and growing city

Tauranga has historically been one of New Zealand's fastest growing cities, with growth rates consistently higher than the country as a whole, due to migration. This is expected to continue, with people attracted by the region's temperate climate, natural environment, economic opportunities and promixity to other major centres, such as Auckland and Hamilton. The total estimated population of Tauranga City in 2023 is 161,00, whilst by 2043 the city's population is projected to be 200,290¹. Although the city will continue to grow through migration, it will also age, with the percentage of people aged 65+ years increasing from an estimated 20% in 2023 to 26% in 2043².

#### Hotter, with more flooding, erosion and indunation

Tauranga is already vulnerable to climate induced hazards including slips, flooding, coastal erosion, and inundation. Climate change will exacerbate the consequences of these hazards and introduce new impacts from increasing extreme temperatures, drought, changing ocean acidity and rainfall variability. The combination of growth, plus the city's coastal location, mean that coastal hazards are significant for Tauranga. Over 2,800 buildings are identified as having 'High' risk of coastal inundation under a future (2130) 1% AEP event scenario<sup>3</sup>. Coastal erosion is also 'likely'<sup>4</sup> to affect over 450 properties by 2130. Much of the city's critical infrastructure is located on the coast and/or on low-lying land, including wastewater treatment plants, access roads, the port and the airport.

#### Organisational leadership

This Infrastructure Strategy, alongside the 2024-2034 Long-Term Plan, positions Council to deliver for its communities over the next thirty years, providing a roadmap for the organisation and the elected members who will be incoming in 2024. Since February 2021, Council has been led by Crown appointed Commissioners, who will continue in their role until July 2024. The focus of the Commission has been to ensure the city has the services and infrastructure it needs, addressing issues caused by long-term

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<sup>&</sup>lt;sup>1</sup> Tauranga City Population and Dwelling Projection Review 2022 (source: Tauranga City Council, https://www.tauranga.govt.nz/council/council-documents/reports/population-and-dwelling-projection-review)

<sup>&</sup>lt;sup>2</sup> Statistics NZ Subnational population projections: 2018 (base) – 2048 update, released Dec 2022

<sup>&</sup>lt;sup>3</sup>Tonkin & Taylor (2020) Tauranga City-wide Natural Hazards Risk Assessment

<sup>&</sup>lt;sup>4</sup> Likely means that there is a 66% chance of an erosion distance being exceeded during that period. T&T (2020)

under-investment. The challenge for the incoming Council will be to continue this momentum and deliver on needed projects, whilst maintaining the support of the city's residents, many of whom are struggling financially due to cost of living increases, primarily driven by inflation and high interest rates.

#### National and global influences

Tauranga city is highly influenced by both national and global factors. As home to the country's largest and fastest growing Port, and with a sub-region that produces the majority of the country's kiwifruit (much of which is exported overseas), global changes have a significant impact. Added to these factors, the city's continued population growth and its location in the upper-mid North Island, with close proximity to Auckland and Hamilton, mean it is a key regional centre and influential at a national level. Recent challenges such as the covid-19 pandemic, inflation and increases in living costs, have had significant impacts on Council's approach to planning and delivery. Added to these influences are rapid technological advancements, with artifical intelligence beginning to have a dramatic impact on how we work and live.

### 1.5 Strategic alignment

Our Infrastructure Strategy captures our infrastructure intent for the next 30 years in one place. At a high level it is informed by our City Vision, Community Outcomes and primary strategies.

Council's strategic framework, Our Direction, shows how everything we do contributes to achieving the vision for Tauranga. Our Direction is visually represented by the kupenga (a type of fishing net), which weaves together Council's five community outcomes (what we are trying to achieve for our communities) and three approaches (how we will do everything, see section 1.7 of this Strategy).

Council has one primary strategy for each community outcome. Primary strategies set out our goals and high-level actions to deliver on that community outcome.

At a granular level our Infrastructure Strategy is informed by a range of documents including:

- Action and Investment Plans (how we deliver on our strategies)
- Our Public Places Strategic Plan
- Asset Management Plans
- Community Facilities Infrastructure Plan
- Urban Form and Transport Initiative's Connected Centres Programme
- Western Bay of Plenty Transport System Plan
- 30-year Water Supply Strategy
- 30-year Wastewater Strategy
- 30-year Stormwater Strategy
- Te Papa Spatial Plan
- Otumoetai Spatial Plan

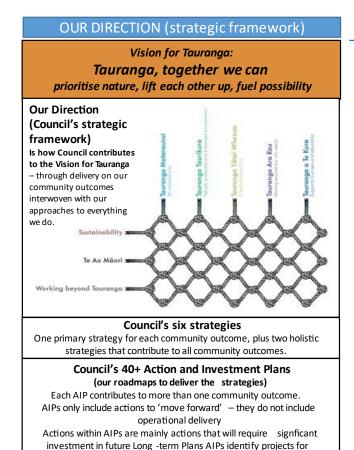
The diagram below shows how our Infrastructure Strategy contributes to Long Term Plan and Council's strategic framework, and how everything fits together.

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Diagram – Connection between Council's strategic direction and delivery

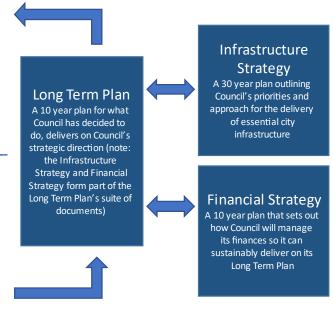
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consideration during each Long -term plan or Annual plan process

## **DELIVERY** (our commitments)

As Council delivers and reports on its Long Term Plan, it reviews and adjusts its strategic direction (every 3+years)



Council's strategic direction informs and guides the development of its Long Term Plan and associated documents

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Item 11.3 - Attachment 1

## 1.6 Our communities' priorities – the city vision

Our communities's priorities for Tauranga are reflected by the city vision. Three key themes form the basis of the vision statement – environment, community and inclusivity, and vibrancy.

#### Tauranga, together we can Prioritise nature

Tauranga is a city where... we celebrate, protect and enhance our natural environment, integrating it into the city for all to enjoy

#### Lift each other up

Tauranga is a city where... we foster and grow our communities, celebrate our differences, and lift up those who are vulnerable

#### **Fuel possibility**

Tauranga is a city where... we foster creativity and innovation, celebrate our arts and culture, and empower our changemakers to create a vibrant city into the future

With everyone playing their part, together we can create the change our city needs.

Kei a tātou te pae tawhiti

The future is all of ours.

Because, Tauranga, together we can.

The three pillars of the vision guide Council's work, our plans and strategies and how we deliver on our five community outcomes (Tauranga Mataraunui: An inclusive city, Tauranga Taurikura: Valued, protected and enhanced environment, Tauranga Tātai Whenua: A well planned city, Tauranga Ara Rau: Moving around our city easily, and Tauranga a Te Kura: Supports business and education).

The diagram above (section 1.5) shows the connection between Our Direction (the Council's strategic framework) and the LTP (including the Infrastructure Strategy and the Financial Strategy). Our Direction strongly influences our prioritisation of projects, including our infrastructure programme.

For more information on Our Direction, the city vision, our community outcomes and our strategies, visit <a href="www.tauranga.govt.nz/our-future/our-direction">www.tauranga.govt.nz/our-future/our-direction</a>

## 1.7 How we approach asset management and infrastructure delivery

Council has adopted three approaches as part of our overarching strategic framework and these guide how we do our work. These three approaches sit alongside our community outcomes and are outlined below. Ultimately, these approaches can be summed up as a commitment to working in a manner which prioritises the wellbeing of our people.

#### Te Ao Māori

Council is committed to understanding and applying key Māori concepts to enhance outcomes for our communities, bringing to life the principles of Te Tiriti o Waitangi. Te Ao Māori is the Māori world, where the world is perceived holistically, acknowledging the interconnectedness and interrelationships of all living and non-living things. When in balance, this supports healthy environments and healthy

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communities. Involving Iwi and Hapū in our planning and delivering of our infrastructure is a key part of ensuring Te Ao Māori concepts are reflected in the outcomes of our work.

#### Sustainability

Applying holistic sustainability to the way we work is essential in order to deliver on community well-being outcomes for our communities. Sustainability is about considering the interactions and balance points between social, economic, cultural and environmental wellbeing. There are close ties between sustainability and Te Ao Māori. Council's infrastructure programme works to integrate sustainability at a number of levels, considering the interactions between our communities' needs, our environment and financial drivers and limitations, both when prioritising projects and when delivering them. The permanent impact that much of Council's infrastructure has on the physical world means that careful consideration needs to go into planning and construction to ensure that what we deliver is fit for purpose, minimises negative environmental impacts and where possible supports biodversity and healthy ecosystems.

#### Working beyond Tauranga

Council recognises that Tauranga is an integral part of the wider Bay of Plenty region and upper North Island and has a key role in making a significant contribution to the social, economic, cultural and environmental well-being of the region and nation. Tauranga is the fifth largest city in New Zealand and located strategically close to two of New Zealand's other largest cities, Auckland and Hamilton, forming what is known as the 'golden triangle'. In many ways the boundary of our city is an artifical construct which does not reflect how people move around, live and interact. For these reasons we work closely with sub-regional partners in planning key infrastructure such as transport and also recognise the sub-regional role that some of our community infrastructure plays (for example, the muesum planned as part of the civic centre rebuild). This Infrastructure Strategy pulls directly from some of our key sub-regional planning documents, such as the Urban Form and Transport Initiative's Connected Centres Programme and the Western Bay of Plenty Transport System Plan.

## 1.8 Best practice asset management

Council aims to achieve best practice asset management in order to meet the agreed levels of service for the community and our customers. Planning and understanding the needs and wants of our communities is a key part of our approach to asset management and to address the identified issues and challenges. Council has a coordinated approach across the entire lifecycle of our assets. We understand that poor asset management and asset failures lead to risks and poor outcomes for our community. We have comprehensive asset management plans for water supply, wastewater, stormwater, transportation, spaces and places, property and sustainability and waste. We review and update these plans every three years to inform the Long-term Plan and ensure that we are meeting the intended outcomes for our community.

Our approach includes a maturity analysis every six years with the last one completed in 2022. The analysis is undertaken in accordance with the ISO55000 International Asset Management Standard and International Infrastructure Management Manual (IIMM). The results of the 2022 analysis indicated a maturity ranging from competent-mid to a optimising-low level (scores ranging from 61% to 73%) across the seven assessment areas. Our target for maturity is an optimising-high level (85%) for the

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critical activities (water supply, wastewater, stormwater and transportation) and optimising-mid (80%) for other activities, including spaces and places. Improvements have been progressed since 2016, and the new improvements identified in 2022 have been added, to achieve a higher level of maturity in the next assessment (2028).

A significant part of our asset management approach is to operate, maintain and manage the assets we already have. Our renewals planning includes the collection of an extensive amount of asset data, including as-built information, maintenance costs, failure analysis, and condition assessments. This data informs our forecasts and renewals strategies to ensure we are renewing assets at the optimum and most cost effective (right) moment (time). The risks of delay in renewing assets at the optimal point in time include an increased probability of a significant failure, higher maintenance and operational costs, an increased probability of not meeting levels of service and creating a backlog of renewals. Assumptions regarding the renewals can be found in the appendices.

## 2. Addressing Tauranga's infrastructure challenges

The previous section provides the overarching context which has influenced the development of this Infrastructure Strategy. The combination of these factors has guided Council towards the development of an Intrastructure Strategy which focuses on delivering for our existing communities, who have suffered from historic underinvestment into infrastructure, whilst still planning for growth. Other key factors which have informed the content of this strategy are the availability of funding (making sure we can afford to deliver on our plans) and the need to protect and enhance our environment, both now and for the future. These elements are discussed more in the following sections.

- Delivering for our existing communities
- Growth and infrastructure planning
- Sustainability and resilence
- Funding, balance sheet capacity, levels of service and significant decisions (major projects).

## 2.1 Delivering for our existing communities

Tauranga City has been one of New Zealand's fastest growing cities for many years, and investment into the city has lagged behind. This underinvestment has led to decreased vibrancy (particularly in the city cente), contributed to congestion and impacted on the quality of life experienced by the city's existing communities.

For this reason, the Council (via the Commission) has made a strong commitment to deliver much needed infrastructure for our existing communities. This includes the following key focus areas.

#### Revitalising our city centre and delivering community amenity for our residents

Tauranga's city centre has faced many challenges over recent years, including the covid pandemic. Our communities have told us that they want want a vibrant, well-planned city centre that is inclusive, accessible and diverse, with more activities and events for all to enjoy. This Infrastructure Strategy contains a number of projects focussed on delivering just that, a vibrant, accessible and activiated space that our communities can enjoy for years to come. These projects include:

- Te Manawataki o Te Papa (\$227m, excl. external funding) a redevelopment plan for the civic precinct in the heart of our city, this includes a new library and community hub, civic whare (public meeting house), exhibition gallery, and museum. The programme of work also includes upgrades to Baycourt and Tauranga Art Gallery, along with the landscaping of public spaces in the area. This project will celebrate our heritage and culture and deliver wide-ranging economic benefits through its much needed facilities.
- Waterfront redevelopment (\$28m) this project celebrates our city's connection to the
  harbour and will be delivered over the next few years. Delivery of the Tauranga Moana
  Waterfront Plan includes upgrades to Dive Crescent car park, Beacon Wharf, The Strand car
  park and playground.
- Memorial Park upgrades (\$128m) upgrading the design and construction of Memorial Park's
  new aquatic facility, indoor courts, and other works from the masterplan will provide much
  needed aquatic and recreation facilities in the city centre, providing for both current and future
  communities.
- Central city transport infrastructure (\$91m) creating an accessible city centre means prioritising frequent, reliable public transport services, supported by high-quality stops close to

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- main destinations. A prioritised bus route through Tauranga city centre has been confirmed and we are now finalising the requirements for central city bus facilities to meet our city's public transport needs.
- Community stadium (\$81m) the LTP contains a capital expenditure budget of \$81 million towards a multi-use stadium at Tauranga Domain that would accommodate community, clubs, local cultural events, festivals, professional sports, and commercial concerts. The first stage of the stadium is scheduled to be constructed between 2029/30 and 2031/32, with further stages falling outside of the LTP period (i.e. from 2023/35 onwards). Of the \$81 million currently budgeted for in the LTP, its is anticipated that \$46 million would be from rates-funded loans and \$35 million would be from other sources. The primary future focus for the community stadium would be an events precinct with a secondary focus on community sports and high-performance sport. A new community stadium will bring many social and economic benefits to our existing and growing communities.

#### Improving our existing transport network

The Transport System Plan (TSP) delivers the SmartGrowth Strategy 2023, which considers how transport, housing, infrastructure, community facilities and the environment work together, and the Urban Form and Transport Initiative's Connected Centres programme. The TSP will also closely align with national and regional policy and strategic direction, including Tauranga City Council's Long Term Plan, Bay of Plenty Regional Council's Regional Land Transport Plan and Waka Kotahi NZ Transport Agency's National Land Transport Programme. This will make sure projects get funded and underway at the right time.

Our aim is for better, safer connections for people and goods. In the future, most people should be able to reach their destination using public transport within 30-45 minutes, and a network of safe cycling, walking and personal mobility routes (e.g. for e-scooters) will allow people to reach their local shops, schools parks and neighbouring communities within 15-30 minutes. Existing freight corridors on SH29, Takatimu Drive, Hewletts Road, SH29A, Takitimu North Link and the Tauranga Eastern Link will continue to connect the Port with the Eastern Bay and upper North Island. Some extra capacity via freight lanes will be needed and most bulk loads will be encouraged to move around by rail.

#### 2.2 Planning and delivery for growth

Growth has been an enduring issue for Tauranga and enabling and managing its effects continues to be a challenge to address. This growth puts pressure on existing infrastructure and creates the need for new infrastructure. It also creates challenges for moving easily around the city, and has implications for housing availability, the economy, the environment and how we want to live, work and play.

The latest population projections for the city indicate that Tauranga's population will increase by 78,500 residents over the 50 years from 2013 to 2063. This will require approximately 49,300 new dwellings to be constructed over the same period.

A significant amount of work has been undertaken to date to determine what infrastructure is required, where, when, and how much it may potentially cost. Central government policy direction, the Urban Form and Transport Initiative (UFTI), SmartGrowth (a revised and updated SmartGrowth Strategy will

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be released later in 2023) and Council planning documents have informed this work and provided a framework for the most suitable growth locations.

The National Policy statement — Urban Development (NPS-UD) seeks to ensure development of well-functioning, inclusive and better-connected cities that reflect the diversity of their current and future communities. It requires that, as Tauranga is a high growth city, Council enables a minimum of 10 years supply of zoned and serviced housing, as well as enabling higher-density residential development in proximity to employment, transport and services. Council does not currently comply with the NPS-UD, however significant planning and delivery is scheduled in the Infrastructure Strategy, to bring the city as close as possible to the NPS-UD targets.

The Urban Form and Transition Initiative (UFTI) is one of the key projects that Council has participated in to address the growth challenges and key urdan form issues being experienced by the region, and contributes towards delivering on the objectives of the NPS-UD. UFTI was a collaborative project led by SmartGrowth and the NZ Transport Agency, and involving Western Bay of Plenty District Council, Tauranga City Council, the Bay of Plenty Regional Council, iwi, and community leaders. It resulted in an integrated land use and transport programme and delivery plan for the Western Bay of Plenty, known as 'Connected Centres'. The intention of the initiative is to improve housing and the transport systems whilst also achieving positive environmental and economic outcomes. The plan and identified actions will be delivered over the next 50 years by the SmartGrowth partners. Council is only planning for the infrastructure within the city boundaries.

One of Tauranga's significant challenges is balancing growth in greenfield areas with intensification of the existing urban area. Different urban form outcomes, including the balance between greenfield growth and intensification, will deliver different benefits in terms of typology, location and price point of housing to serve a rapidly changing demographic profile.

### **CONNECTED CENTRES PROGRAMME (UFTI)**

There are two core concepts critical to the Connected Centres programme. The first is increasing the number of dwellings by intensifying our existing urban and new growth areas. This is to maximise the land available for development and support a well-functioning multimodal transport system. The second is being able to access local social and economic opportunities within a 15-minute journey time, and sub-regional social and economic opportunities within 30–45 minutes. These concepts encourage strong local centres and connected neighbourhoods.

#### Intensification

Intensification has been a core pillar of SmartGrowth since the first SmartGrowth Strategy in 2007, is a focus of the Connected Centres programme and continues to be a priority for Council as it looks toward providing infrastructure to support our growing community. An Urban Communities Growth Programme (the Programme) has been developed to build on sub-regional planning by delivering corridor based spatial planning and neighbourhood and centre planning. It uses a collaborative approach, developing spatial plans and neighbourhood plans to provide for integrated land use, transport and social infrastructure planning, while also seeking to enhance local culture and identity.

The Programme focuses on spatial planning for those areas of the city which are viewed as suitable for intensification. Council adopted its first spatial plan, for Te Papa, in October 2020 and its second,

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Ōtūmoetai Spatial Plan in May 2023. A spatial plan for Mount Maunganui/Arataki is currently being developed.

Investment in Te Papa and Ōtūmoetai are areas of focus for this Infrastructure Strategy, with the spatial plans looking out to 2050. The plans were prepared in partnership with mana whenua, key stakeholders and the community. They provide for higher density living in close proximity to urban centres, neighbourhood centres, public transport and other amenities, supported by a sustained, balanced investment programme in active modes and public transport infrastructure. The focus is on creating:

- Liveable Neighbourhoods, where residents live close to their daily needs, such as work, shopping and healthcare
- Healthy Neighbourhoods, with access to open space and the natural environment
- Connected Neighbourhoods, with travel options, including walking, cycling and taking public transport
- Unique Neighbourhoods, which celebrate the individual stories of people, places, and their history and culture.

Key projects to support intensification (including waters services projects) over the next 30 years are:

- The Cameron Road upgrades stage 2 \$168m
- Ōtūmoetai multi modal package \$103m
- Te Papa intensification package \$1,370m
- Mount/Papamoa multi modal package \$51m
- Mount intensification package \$9m
- Ōtūmoetai intensification package \$1,157m

#### Greenfield development

Several greenfield areas that have been identified in the past and a significant amount of work has been undertaken to progress these areas to provide for growth. The Infrastructure Strategy adopts a staggered approach to delivering this growth, recognising Council's financial constraints and the development barriers that need to be overcome.

The first 10 years of this Infrastructure Strategy focuses on investing in delivering of growth in west of the city, Tauriko, together with delivering a limited amount of infrastructure in the east of the city (combined with planning for future growth in the east). The later years of the Strategy (years 11+) see investment into delivering growth in east of the city, namely in the Te Tumu growth area.

Over the next ten years, this translates into investment of \$79m (including waters this would be \$166m) in developing the new western growth areas in and around Tauriko West, the Tauriko Business estate and Keenan Road, providing for the construction of up to 4000 new homes, improvements to the state highway networks and connections, and an additional 100-150 hectares of business land providing for an additional 2,000 jobs.

The new residential developments in the west will be linked to the rest of the city via high frequency public transport services from Tauranga Crossing to the city centre.

A number of significant projects enabling growth in the west are underway led by government agencies, including Kainga Ora and Waka Kotahi.

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Some investment into growth in the east of the city will still occur within the first 10 years of this Strategy, such as the completion of the Papamoa East Interchange (which links east Papamoa to the Tauranga Eastern Link highway). Significant planning for growth in the east will also occur over the first 10 years, with the intent of bringing land in Te Tumu online for development in the later 20 years of the Strategy.

Due to the fiscal constraints that the Council is under, the growth investment will be:

- Priority of Tauriko West, Te Papa intensification and existing zoned growth areas in the next 10
  years
- Other growth areas (such as Te Tumu and Keenan Road), focus on infrastructure planning, securing the land required for infrastructure and land use planning in the next 10 years. Physical construction of infrastructure in these areas will mainly be beyond year 10.

Over the 30-year lifetime of this Strategy, an investment of \$1,005 million (including water services over the 30 years<sup>5</sup>) in Te Tumu and the eastern corridor is expected to lead to:

- the construction of 2,000 to 3,000 homes in currently zoned areas
- the construction of a further 7,000 to 8,000 homes in Te Tumu once it is zoned (over a 30-year time period)
- the construction of a direct link to the Tauranga Eastern Link via the Papamoa East Interchange
- the development of 57 hectares of new business and employment land.

#### Table with dwelling numbers/shortfall<sup>6</sup>

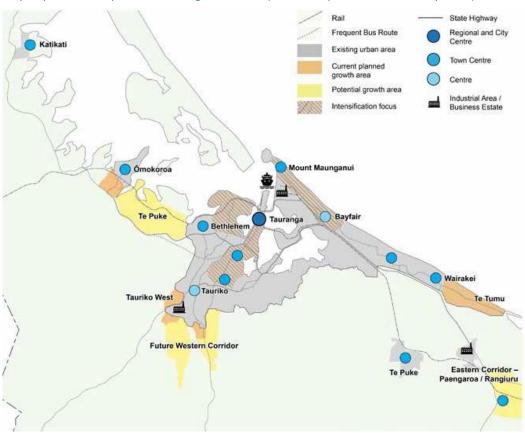
	Short term	Medi	um term	Longer term <sup>1</sup>	
	Year 1-3	Year 4-7	Years 7-10	Years 11-30	Total
Housing Demand	3,440	4,580	3,490	17,470	28,980
Housing Demand incl margin	4,120	5,500	4,180	20,090	33,890
Housing Supply					
Infill/ Intensification	680	1,490	1,370	8,430	11,970
Operative Greenfield UGA's	2,030	2,280	1,300	1,330	6,940
Future Greenfield UGA's	0	370	1,130	8,570	10,070
Total	2,710	4,140	3,800	18,330	28,980
	Short term	Medi	um term	Long term	Total
Supply-Demand	-720	-450	310	870	0
Supply-Demand incl. Margin	-1,410	-1,370	-390	-1,760	-4,920

The long term "Housing Supply" for "Future Greenfield Uptake" assumes Chaulti South is all capacity and Te Tumu, Keenan Road, and Tauriko West have remaining yield of +1,800, +500 and +300 dwellings respectively at 2052

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<sup>&</sup>lt;sup>5</sup> With water services excluded from year 3 onwards, this investment decreases to \$569 million).

<sup>&</sup>lt;sup>6</sup> Housing and Business Capacity Assessment 2022, SmartGrowth



#### Map of planned and potential urban growth areas (revised map available end of Sep 2023)

## 2.3 Climate change and resilience

Tauranga's communities place great importance on the natural beauty and lifestyle offered by the city. Community feedback has consistently told us that our communities want to prioritise the protection and enhancement of our environment and nature. Prioritising nature forms one of the three pillars of the city vision (along with fostering communities and inclusivity, and vibrancy).

As a result, Council has a strong mandate to integrate environmental sustainability across everything that we do.

Climate change is the leading cause of biodiversity loss but also an issue in its own right, causing rising sea levels and coastal inundation, changing rainfall patterns, increased hot and dry weather, and increased extreme weather events. The graphic below demonstrates the projected climate changes for the Bay of Plenty over the rest of the century.

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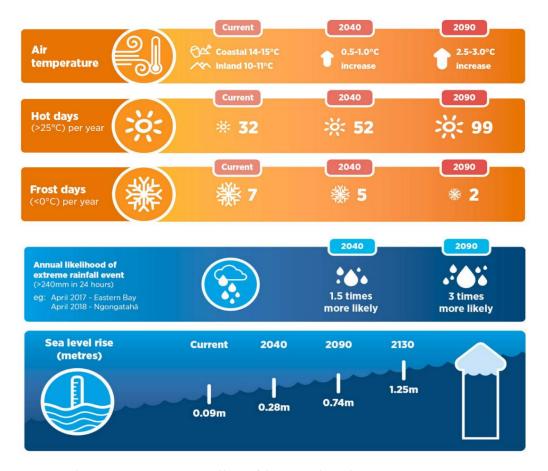


Figure 1. Based on 2019 NIWA report commissioned by Bay of Plenty Regional Council - <a href="https://www.boprc.qovt.nz/environment/climate-change/climate-change-overview">https://www.boprc.qovt.nz/environment/climate-change/climate-change-overview</a>. Note that this graphic does not include sea level rise projections released in 2022 under the NZ SeaRise Project.

As a coastal city that is under significant growth pressure, coastal hazards are significant for Tauranga. Over 2,800 buildings are identified as having 'High' risk of coastal inundation under a future (2130) 1% AEP event scenario<sup>7</sup>. Coastal erosion is also 'likely'<sup>8</sup> to affect over 450 properties by 2130. Some of the city's critical infrastructure is located on the coast, including wastewater treatment plants, access roads, ports and airport. These risks (among others) mean that there is a need to hold conversations across communities around the impact from climate change on people's homes and businesses and how Council is going to respond and fund the measures needed for change.

Changing seasonal rainfall patterns and increase frequency of hot, dry weather will affect the rivers that supply the city with drinking water. The added demand through significant population increases means that water scarcity and increasing water restrictions is likely in the future. Iwi and hapū representatives have told us that climate change is also likely to impact on their coastal communities and sites of

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<sup>&</sup>lt;sup>7</sup>Tonkin & Taylor (2020) Tauranga City-wide Natural Hazards Risk Assessment

<sup>8</sup> Likely means that there is a 66% chance of an erosion distance being exceeded during that period. T&T (2020)

significance. This includes marae, papakāinga and urupā at risk from coastal erosion, inundation, and long-term sea level rise.

Climate change is not the only driver of natural hazards, with Tauranga also at risk from earthquakes and tsunamis. Through the Tauranga City Natural Hazards Resilience Project, Council understands the risks to key infrastructure including Tauranga City's three waters network 'critical assets', transportation network and selected bridges. More than 300 projects have been identified as required to increase resilence and planning and implementation of many of these are already underway.

We need to do more than increase the resilience of our infrastructure, we also need to change the way we do things to make our city more sustainable. Only 3% of the city's land cover remains in native vegetation (TCC State of the Environment report 2017) and transport accounts for 49% of the city's carbon emmisions.

Additionally, in November 2022 it became a legal requirement for local governments to consider the Government's National Adaptation Plan and Emissions Reduction Plan when preparing or changing regional policy statements, regional plans, and district plans under the Resource Management Act.

These drivers have led Council to make sustainability and resilence initiatives a priority, with significant funding in the Infrastructure Strategy for upgrading key bridges across the city, to help the city stay connected in emergencies. Additionally, resilience and climate change projects will be implemented as part of the recently adopted Climate Action and Investment Plan and as part of implementing our Environment Strategy – Tauranga Taurikura.

## 2.4 Funding, levels of service and significant decisions

Council faces significant funding and financing challenges, which can be broadly categorized as balance sheet constraints and lack of revenue capacity to fund a growing city. These issues are interconnected and are being experienced by many councils, particularly high growth councils, across New Zealand.

In addition to the challenge of funding growth, Tauranga has suffered from decades of underinvestment, decreasing amenity value for existing residents and exacerbating issues such as congestion. These competing priorities, as discussed in earlier sections, contribute to Council's balance sheet constraints.

As well as significant balance sheet issues Council also faces affordability issues resulting from the current funding system. The current system provides for the financial benefits of growth to be realised through the central government taxation system whilst the costs remain with the local government rating system. This imbalance is a significant impediment to growth councils like Tauranga and results in deferred infrastructure investment negatively effecting the liveability and functionality of the city.

The growing need to invest in resilience and sustainability, and to deal with natural disasters, is placing further financial pressure on councils.

Council has looked to the Infrastructure Funding and Financing Act (IFF) to help with some of these balance sheet constraints but the cost of this also falls on the ratepayer. The impact of inflation and rising interest rates on the cost of living for our communities mean that there is limited room for rate

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rises or additional IFF levies (our ratepayers have constrained financial capacity, and many are already struggling with cost increases).

Adding to these challenges is central government's financially constrained position which may lead to rationalised expenditure. Potential negative flow on effects for Council have been identified as a risk, as we have a number of co-funded projects and delivery streams, such as our roading programme.

These challenges have shaped the approach to this Infrastructure Strategy, Council's LTP and the Financial Strategy, translating into a constrained capital programme where many needed projects have been deferred past the 10-year timeframe of the LTP and are instead scheduled in years 11-20 and beyond of this Strategy. It has also resulted in an investment approach that is a continuation of that contained in the last LTP, with limited new projects or initiatives being added. Council's high priority areas for investment over the LTP period, with budgets excluding waters from year 3 onwards, are listed below

- Revitalising the city centre, \$546m a key initiative in terms of delivering much needed
  amenity for our existing communities, this project will also draw visitors to the city centre and
  meet the needs of our future residents as the city grows.
- Growth in the West (Tauriko), \$79m this work is an essential part of addressing existing
  housing shortages and to providing for Tauranga's growing population, as well as delivering
  commercial and industrial infrastructure.
- Growth in existing zoned areas (including Te Papa/City Centre), \$356m investing in growth
  in existing zoned areas will deliver additional housing in Wairakei (east Papamoa) and enable
  intensification in areas such as Te Papa and Ōtūmoetai.
- Community facilities and amenity, \$616m this investment will deliver much needed amenity
  for our existing communities and will increase vibrancy and wellbeing. Community facilities in
  growth areas are also an area of focus under this initiative.
- Transport network upgrades, \$1,399m Council is committed to increasing the capacity and quality of the city's transport network, making it easier and safer for our communities and visitors to get around the city.
- Sustainability and resilience, \$119m we are planning for the future, ensuring the city is ready for our changing environment, does its part to address climate change and can stay connected in the event of an emergency and/or natural disaster.

Major projects which are covered by this Infrastructure Strategy, but which fall outside of the LTP time period, are shown under their relevant activity in the following sections.

#### 2.5 Indicative forecasts of capital and operating expenditure

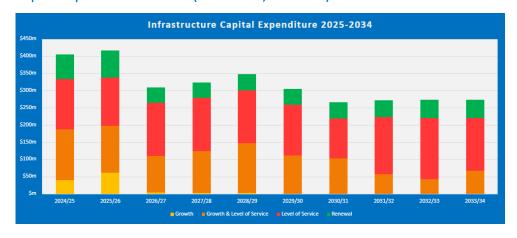
The following graphs illustrate the indicative forecasts of capital and operational expenditure for the next 30 years, adjusted for inflation.

There are two versions of the capital expenditure graphs included in this section.

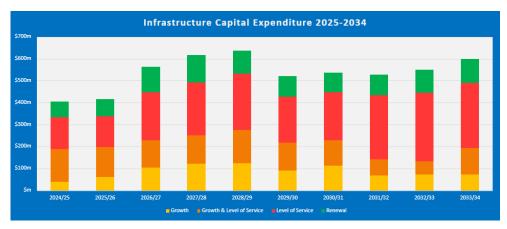
- Version 1: separates projects which have a varied mix of funding sources into a separate category, which is called 'growth and level of service'.
- Version 2: separates out those growth projects which are 50% or more funded by development contributions under the category 'growth'. Those projects titled 'level of service' may still have a development contribution component but it will be less than 50%.

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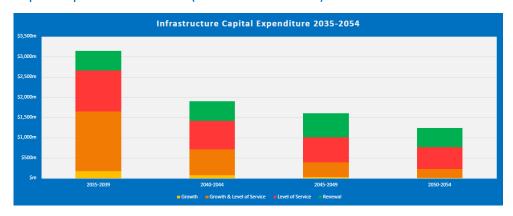
## Capital expenditure 2025-34 (waters out, version 1)



## Capital expenditure 2025-34 (waters in, version 1)

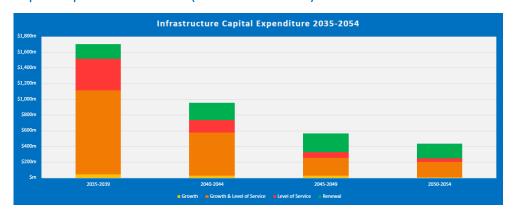


## Capital expenditure 2035-54 (waters out version 1)

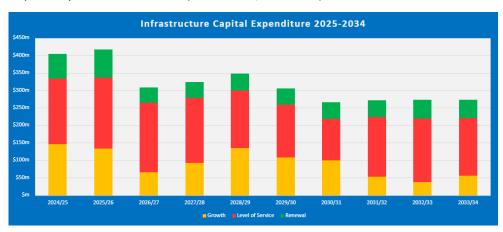


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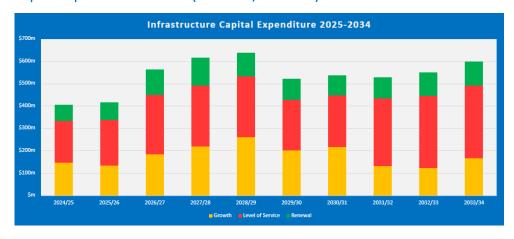
## Capital expenditure 2035-54 (waters in version 1)



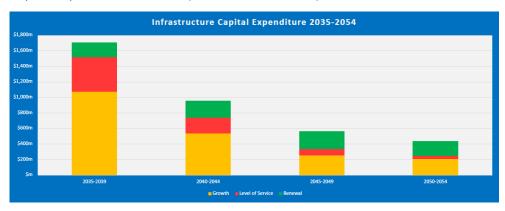
## Capital expenditure 2025-34 (waters out, version 2)



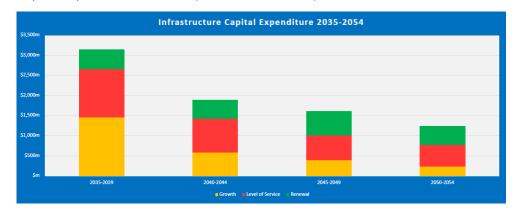
## Capital expenditure 2025-34 (waters in, version 2)



## Capital expenditure 2035-54 (waters out version 2)

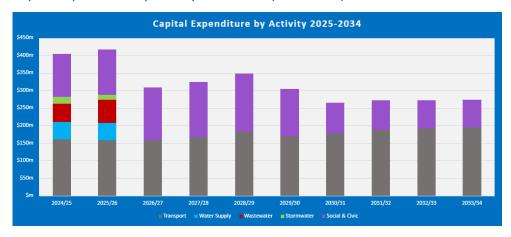


## Capital expenditure 2035-54 (waters in version 2)

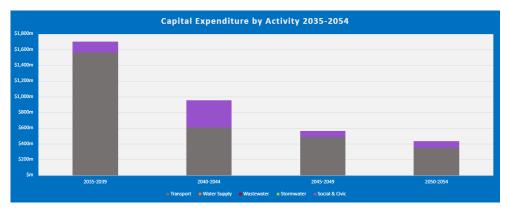


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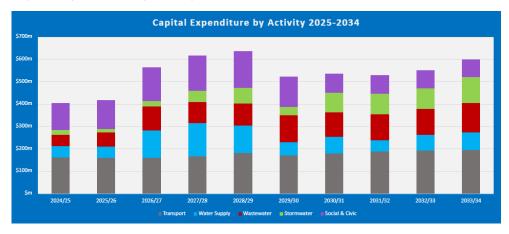
## Capital expenditure by activity 2025-2034 (waters out)



## Capital expenditure by activity 2035-2054 (waters out)

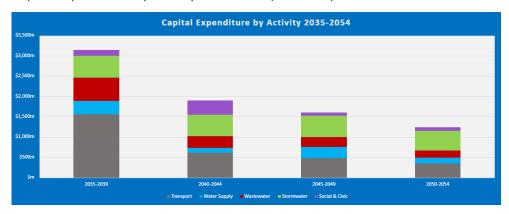


## Capital expenditure by activity 2025-2034 (waters in)



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## Capital expenditure by activity 2035-2054 (waters in)



## Operational expenditure

Still to come

## 3. Shared context – water services

The information in this section applies to all waters services sections of this Infrastucture Strategy (water supply, wastewater, stormwater and flood protection/control).

# 3.1 How to read the sections on water supply, wastewater and stormwater

A note on water services, the proposed new entity and the information contained in the Infrastructure Strategy.

- A 'go live' date of of 1 October 2025 has been proposed for the Bay of Plenty water services
  entity, however this date has not yet been finalised (all 10 water service entities across New
  Zealand will commence their operation between 1 July 2024 to 1 July 2026). For the purposes
  of this Infrastructure Strategy, it has been assumed that Council has the responsibility for
  deliver of all water services for years 1 & 2 of this Strategy and the Water Services Entity takes
  on its responsibilities in year 3 (1 July 2026).
- Some of the financial information for waters services outlined in this Strategy only addresses
  years 1 and 2 of the Infrastructure Strategy, after which the new waters entity will have
  responsibility for water services.
- However this Strategy also provides estimates for the full 30-year capex and operational
  programme, based on Council's assessment of what may be needed in the future, these are
  to be used as indicative only, as the new water service entity will develop its own work
  programme and associated budget.
- Where figures are provided for the full 30 year term of this Strategy, this will be stated, and
  these figures are intended to be used as an indicator of project scope only. The new waters
  entity will review the 30-year budgets and make investment decisions from a regional
  perspective, these decisions and resulting projects may differ from those signalled in this
  Infrastructure Strategy.
- The issues, opportunities and challenges discussed in this Strategy are relevant beyond the remaining two-years of Council delivered water services.

# 3.2 Key challenges for water services as identified in the 30 year water services strategies

From a strategic perspective, Council's 30 -Year water services strategies identified key challenges as outlined below:

- <u>Climate change</u>, which is expected to bring significant changes in weather patterns (including droughts, and more severe storms and wet weather events), sea level rise and warmer temperatures. All of these will affect how stormwater, water supply and wastewater need to be managed in the future.
- <u>Natural hazards</u>. Tauranga is a seismically active area and subject to natural hazard events that
  include earthquakes, volcanic eruptions, tsunami, and others. Depending on the size of the
  event, the impact on three waters infrastructure can be severe, but even smaller events have
  the potential to significantly disrupt services.

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- Implementing Te Mana o te Wai. This Te Ao Māori concept is focused on restoring and preserving the balance between water (wai), the wider environment (taiao), and people (tāngata) and is embedded in national policy (National Policy Statement for Freshwater Management 2020) and legislation (Water Services Act 2021). Implementation will be challenging, but this transformation also provides an opportunity to develop a sustainable approach to protecting water and the communities that depend on it.
- <u>Urban growth and infrastructure provision</u>. Tauranga is one of the fastest growing cities in New
  Zealand and providing for this growth is one of the city's greatest challenges economically,
  socially, and environmentally. Being able to accurately identify the rate and location of urban
  development and support it with the infrastructure needed is critical in terms of ensuring
  amenity for existing and new residents in this context, safe and secure potable water,
  effective wastewater management and stormwater services that enable flood protection and
  protection of receiving environments..
- Regulatory compliance and significant anticipated changes in the legislative environment. As
  previously noted, managing the three waters is challenging at present, primarily because of
  the transitions and transformations occurring as part of the Three Waters/Affordable Water
  Reform, but also due to the resource management system law reform. In addition, the
  Essential Freshwater Package has significant ramifications. The implications of these changes
  on planning and operations of all three waters services are not yet known in their entirety.

These key challenges apply equally for all of the water services (water supply, wastewater, stormwater and flood protection activities) however some of the responses to these challenges are activity specific. One of the biggest barriers to addressing these challenges is affordability. This is discussed in a general sense earlier in this Infrastructure Strategy, as is an issue for all of the Council's activities, however the cost of water services infrastructure makes this issue particularly challenging.

This is further acerbated by the increasing technical and regulatory complexity of delivering waters services. Shortages of specialists and trained staff are also an issue across New Zealand, as is the long-standing under-investment in three waters infrastructure. Balancing delivery priorities has shaped the focus of this Infrastructure Strategy and the key projects for the waters services activities.

#### 3.3 Tauranga City Council's approach to managing waters services

Council takes an integrated approach to managing its water services, focusing on the lifecycle of water and maximising its quality and related health and environmental outcomes, as it moves through Tauranga's waters systems. This approach aligns with that required by the National Policy Statement for Freshwater Management and Te Mana a Te Wai.

Tauranga was the first city in New Zealand to adopt microfiltration at its water treatment plants (in 1997), and now has three water treatment plants all with microfiltration systems, delivering drinking water of a very high quality. Council also treats its wastewater to a very high standard. All effluent undergoes a tertiary treatment process, first treated at the treatment plants, before moving through a wetland system and finally undergoing UV treatment before being discharged, leading to improved environmental outcomes.

The stormwater management systems are another facet of Council's integrated approach, with 16 comprehensive catchment systems covering the city. Flooding in 2005 resulted in concentrated efforts to improve the city's flood management approach and significant improvements have been achieved in this area, allowing Council to now focus on improving stormwater outcomes for the community and

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the environment. This includes managing our open stormwater drains so that they support biodiversity and provide recreational opportunities.

Council is also one of the small number of councils in New Zealand with a fully metered water supply. This helps our communities to understand the value of water and is an integral part of our approach to managing demand, Te hinonga tiaki wai Tauranga (the Tauranga water conservation project).

The advances that Council has made in its management and delivery of waters services over time have been the result of the successful implementation of previous plans and strategies, including past iterations of the Infrastructure Strategy. This Strategy is focused on opportunities for future improvements, and the following sections highlight challenges and areas for action for our water services over the next 30 years.

# 4. Water supply

Please refer section 3 for information that applies to all waters services sections of this Infrastructure Strategy.

Council is committed to addressing water supply challenges with the aim of providing a water supply system that is sustainable over the long-term, and is resilient and affordable. Additionally, Council is focused on ensuring water is used equitably and in a culturally appropriate manner. This section of the Infrastructure Strategy highlights matters Council needs to focus on to achieve these outcomes. At a high level it is informed by Council's wider strategic direction, New Zealand's legislative environment, and aligns with Council's financial strategy and long-term plan. It is also informed by Council's 30 -Year Water Supply Strategy. The detail contained in this section has been taken from Council's Water Supply Asset Management Plan 2023-2024.

Tauranga City's potable water is sourced from three streams - the Waiorohi, Tautau and Waiāri Streams. All these streams are groundwater-fed, from shallow and deep aquifers supplied by catchments on the Mamaku plateau and the Rotorua Lakes. Local rainfall and surface run-off only contribute minor quantities to stream flow. Tauranga's water supply infrastructure is categorised into four asset groups:

- <u>Collection</u>: comprising three raw water intake structures and associated pump stations, one
  raw water reservoir, 11 km of raw water pipes and various pumps. A fourth raw water intake
  structure upstream of the existing structure on the Waiorohi Stream is not currently used, but
  is consented.
- <u>Treatment</u>: with three water treatment plants, five treated water reservoirs (two reservoirs at the Joyce Rd water treatment plant, two at the Oropi water treatment plant and one at the Waiāri water treatment plant) and various buildings.
- <u>Storage, pumping, and system management</u>: including 13 treated water reservoirs across the network, 9 pump stations, 95 bulk meters and associated control valves.
- <u>Treated water distribution network</u>: which consists of 1,453 km of mains and service lines,
   5,549 hydrants, valves, water meters, and backflow protection devices.

These assets provide water to a population of approximately 161,000 (LTP assumption Tauranga City Population and Dwelling Projection Review 2022) and a significant number of commercial and industrial customers (4,056 non-residential properties serviced according to Water NZ National Performance Review 2021/22).

Tauranga City uses an average of 44,000 m3 of water per day and in summer this can rise to 58,000 m3 per day. The average total water supply consumption per person per day is about 256 litres with an average residential consumption of about 180 litres per person per day.

This level of usage places ongoing pressure on the water supply system, as Tauranga's population continues to grow and the effects of climate change increase. Tauranga has implemented an active, year-round approach to water management, in conjunction with other initiatives such as universal metering, large water user's policy, water conservation education and water loss minimisation. Other initiatives, such as rainwater harvesting and working with industry to optimise water use and reuse are also becoming focus areas for Council. Modelling levels and location of future demand are another key focus area, to ensure availablity of both infrastructure and supply.

In addition to ongoing level of demand pressures, one of the greatest identified risks is security of supply. The primary mechanism for ensuring the long-term availability of water is the consenting

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process, which allocates the amount of water available for abstraction. The taking of water for Tauranga's water supply is subject to three consents, two of which will expire on 1 October 2026 (Joyce Road Water Treatment Plant and Oropi Water Treatment Plan). Obtaining replacement consents is critical to ensure Tauranga's water supply can continue without disruption.

The consenting process is strongly influenced by the National Policy Statement for Freshwater 2020, which – among other things – requires that water management must give effect to the hierarchy established by Te Mana o te Wai. In addition, by the time the consent applications for the water take replacement consents are lodged, the resource management system law reform currently under way may be concluded, establishing a different regulatory framework for processing the application. Work commenced in 2022 to begin the process of securing new consents, and this a key area of focus for Council over the next two years.

The following table provides the strategies and initiatives the water supply activity will be focussing on, and links these back to challenges and risk areas.

Problem & Risk Areas	Specific Issues and Uncertainties	Strategies and Initiatives
Water Reforms and Legislative Changes	<ul> <li>Water Reforms and DIA Initiatives</li> <li>Taumata Arowai – Water Services Regulator</li> <li>Te Mana o te Wai</li> <li>LGA 2002 &amp; RMA amendments</li> </ul>	Participate in Affordable Water Reforms and transition to separate entity     Collaborative conversation with neighbouring councils (Sub regional conversation)     Investigate impacts on TCC organisation     Implement legislative changes
Environmental and Climate Change Impacts	<ul> <li>NPS for Freshwater         Management</li> <li>Source water consents expire         – 2026</li> <li>Infrastructure resilience issues</li> <li>Climate Change Risks</li> <li>Zero Carbon Act / Energy         Consumption</li> <li>Tauranga Taurikura 2022-2032         (Environment Strategy)</li> </ul>	<ul> <li>Perform water take consents renewals</li> <li>Review Water Supply Strategy in line with legislative changes</li> <li>Implement resilience improvement strategy</li> <li>Investigate and implement energy consumption and carbon emission initiatives</li> <li>Support good environmental outcomes</li> <li>Educate the community on water saving initiatives</li> </ul>
Increased Demand and Development growth	<ul> <li>Demand increase due to growth and future drinking water needs</li> <li>Lack of water treatment capacity</li> <li>Lack of network capacity</li> </ul>	<ul> <li>Develop Waiari Water Supply Scheme further to enhance the overall network</li> <li>Participate in city growth and intensification planning</li> <li>Extension and upgrade of the network as required</li> <li>Upgrade existing infrastructure e.g. Treatment Plant technology upgrades</li> </ul>

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Problem & Risk Areas	Specific Issues and Uncertainties	Strategies and Initiatives
		<ul> <li>Optimise water supply between treatment plants and add membrane capacity</li> <li>Develop water loss / leakage strategy</li> <li>Develop a wider Demand Management Plan</li> </ul>
Service Delivery and Levels of Service	<ul> <li>Quantity and quality issues with the supply</li> <li>Flow and pressure issues</li> <li>Early deterioration of assets</li> <li>Water loss and demand management</li> <li>Demand management and customer education</li> </ul>	Operate long-term maintenance contract in collaboration with Western Bay of Plenty District Council (WBOPDC)     Improve the water supply strategic model for demand modelling     Investigate asset condition and renewals modelling     Implement smart metering and water data analytics     Improve customer usage footprint by developing water demand policies     Enhance education on water efficiency and use

Other programmes and projects to ensure ongoing safety and quality of the delivery of drinking water and associated services are:

- <u>Strategic Modelling</u> to test and design network upgrades to identify and resolve levels of service deficiencies
- Adaptive planning to ensure sufficient supply and system capacity to enable growth.
- Our Water Future joint initiative by TCC and Western Bay of Plenty District Council with the
  overall goal of developing a holistic and integrated approach to the management of three
  waters infrastructure and issues
- <u>Freshwater Management Tool</u> a modelling tool simulating current hydrological and water quality conditions, and predicting future changes based on intervention options and climate change predictions.
- <u>Demand Management Programme</u> consists of several initiatives and programmes aimed at reducing water demand, such as the Water Watchers Plan.
- Water loss and leakage management this includes a variety of demand management programmes namely bulk metering and District Metered Areas; Leak detection programmes; Monitoring of real water losses; Universal water metering and high water usage notifications and follow up.

Affordability constraints means that work programming extends beyond the Long-Term Plan and the 10 year activity management plan, as it is cost-prohibitive to deliver all necessary intiatives within the upcoming 10 year timeframe. However, this work programming is indicative only, as Council will no longer have responsibility for delivering water supply services once the Bay of Plenty region water services entity is operational.

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# 4.1 Key projects/programmes (full 30 year forecasts)

	2025-34 (\$)	2035-44 (\$)	2045-54 (\$)	Total (\$)
Water Netwrk Upgrades & Renewals	160,328,385	104,265,854	113,148,398	377,742,636
Western Corridor - Tauriko West	69,516,053	107,484,359	160,022,180	337,022,592
Reservoir Upgrades & Renewals	87,729,716	74,021,619	99,158,702	260,910,037
Waiari Water Treatment Plant Capital	215,742,616	30,375,414	-	246,118,030
Water Supply Plant Upgrades & Renewals	46,790,271	39,897,971	74,667,148	161,355,391
Infrastructure Resilience Capital Works	131,327,001	27,710,000	-	159,037,001
Te Papa Intensification	76,735,187	-	-	76,735,187
Eastern Corridor - Te Tumu	-	38,357,409	-	38,357,409
Welcome Bay, Turret Rd & 15th Ave Corridor	37,652,480	-	-	37,652,480
Western Corridor - Belk Rd Plateau	127,864	27,412,740	3,025,820	30,566,424
WC - Pyes Pa West Growth Area	6,730,776	-	-	6,730,776
Eastern Corridor - Wairakei	2,674,000	-	-	2,674,000
Eastern Corridor - Papamoa East Wairakei	1,941,173	-	-	1,941,173
Prop Management Upgrades & Renewals	397,672	455,830	505,635	1,359,138
Smiths Farm Development	970,580	-	-	970,580
Western Corridor - Bethlehem	483,184	-	-	483,184
WC - Tauriko Business Estate	429,756	-	-	429,756
TOTAL	839,576,714	449,981,196	450,527,883	1,740,085,794

# 4.2 Water supply assets

Asset Group	Asset Type	Quanity (at July 2023)
Collection	Raw Water Intakes, Pumps, Mains	Intakes & Pump stations – 3
	and Reservoirs	Mains - 11 km; Reservoir - 1
Treatment	Treatment Plants, Buildings, and	Treatment plants – 3
	Reservoirs	Reservoirs – 5
Storage, Pumping and	Reservoirs, Water Stations, Control	Reservoirs - 13
Management	Valves and Bulk meters	Water stations – 92
Distribution	Mains Pipes, Service Lines, Backflow	Mains & service lines- 1,453 km
	Protection, Water Meters	Water meters – 60,794

## 4.3 Critical assets

The Water Supply Asset Management Plan includes a detailed assessment of the criticality of individual assets within the water supply network. The most critical assets within the network are:

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- The Joyce Road, Oropi Road and Waiāri river intakes, raw water rising mains, treatment plants, storage reservoirs and associated trunk mains;
- Pump stations and associated trunk mains at Cambridge Road, Sherson Road, Waikite Road, Oropi Road, Ohauiti Road and Kaitemako Road; and
- Reservoirs at Mangatawa, Mount Maunganui, Cambridge Road, Eastern, Waikite, Ohauiti, Kaitemako and Poplar Lane, and the trunk mains
- Extremely critical mains are those defined as mains pipes with a diameter bigger than 350mm.

All critical assets are generally performing as required and are considered to be reliable. However, the 30-Year Water Supply Strategy has identified several issues which we are looking to address. These issues include the effects of peak summer demand on the Joyce Road water treatment plant, undersized pipes from the Joyce Road plant, and potential pressure issues in parts of the city.

#### 4.4 Renewals and replacements

The renewals programme responds to data from a range of sources, and costs can be influenced by a range of issues, including health and safety requirements, traffic management, project risks experienced during upgrade projects and geotechnical issues. The projected renewals budget for years 1 and 2 of this strategy is approximately \$33 million versus an amount of \$663 million for the full 30 years.

The 19 reservoirs that service the city were constructed between 1956 and 2019/20. As part of the Reservoir Asset Renewal program, condition assessments are done on the reservoirs which are inspected on a five-year cycle, with between one and five reservoirs being inspected each year. Issues arising out of these inspections are then prioritised and maintenance undertaken to match the renewals budget. The projected 30 year water supply reservoir renewals and replacements identifies the following major projects and programmes. The figures below are from the 30-year Water Supply Strategy and are indicative only, included as signal of project size/complexity.

- General renewal package for reservoir assets (2024 2054) \$54,900,000
- Replacement reservoir in Mt Maunganui (2024 2032) \$25,000,000

The current focus for the renewal of pipes is on aging asbestos cement pipes and replacing the remaining galvanised iron pipes. Asbestos concrete ains larger than 100mm in diameter have had their useful life decreased by 10 years. However, there has also been failures in larger diameter PVC pipes. The performance of these mains is being actively monitored with corrective actions underway to improve operational conditions (variable speed drives). Additional funding for some renewals and upgrade of these mains was included in the capital budget. Overall, \$57.7 million has been earmarked as needed for various water pipe asset renewals over the next 30-years (source: Water Supply Strategy), with an additional \$96 million for the relocation of the Cambridge Road trunk main.

Other significant items in the renewals requirements outlined by the 30-year Water Supply Strategy include \$9.6 million for water treatment plant technology renewal at Joyce Road and \$14.7 million for water supply M&E asset renewals.

#### 4.5 Responding to growth in the demand for services

Population growth and increases in commercial and industrial activities creates additional demand for water supply services, and in particular the volume of water that needs to be supplied. Demand for services can also be influenced by climate change, types of developments, customer expectations,

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charging regime, emerging technology (such as low-flow appliances) and customer education. The projected growth budget for years 1 and 2 of this strategy is approximately \$32 million versus an amount of \$709 million for the full 30 years.

Effective planning and the provision of assets is required to provide the required water supplies when and where our community needs them. Depending on these factors such as climate change, population etc, and the success of water demand initiatives, there may be a need to find a new water source within the 30 years that this strategy covers. Capacity throughout the rest of the network including treatment plants, reservoirs and the distribution system will also need to be addressed.

Council's water demand initiatives include ongoing public education, water meters on all residential and business properties (completed in 2002). the introduction of a large water user policy in 2019 and a year-round water demand management programme, 'Water Watchers', which responds to changing seasonal patterns and encourages good water use practices.

#### 4.6 Planned increases or decreases in levels of services

There are increases in levels of service relating to the resilience of some elements of the network. The Water Strategy has identified a range of levels of service to test in terms of the costs associated with meeting them. This includes levels of service for water pressure, restrictions and water demand. This testing will take place as part of Phase 2 of the Water Strategy.

### 4.7 Public health and environmental outcomes

Clean, safe drinking water is one of the foundations of a healthy community. There are a number of ways in which we protect public health, including:

- high quality water as defined by the Ministry of Health Drinking Water Standards for New Zealand (2008) and the Public Health Grading of Community Drinking Water Supplies (2003) guideline
- using micro-filtration as leading international technology at treatment plants, to produce high
  quality water
- preventing cross contamination of the supply system through a robust backflow protection programme
- mitigating the risks of contamination to the water supply through Water Safety Plans.

Council is completing work to enable the fluoridation of the water supply in the future.

#### 4.8 Resilience

Council has identified potential hazard prone assets throughout the city and over 300 potential mitigation projects have been scoped and costed. In addition to this work, resilience is incorporated into the ongoing operation of the water supply activity in the following ways:

- Catchment management and protection to reduce the risk of water supply contamination
- Providing service storage reservoirs to increase resilience against network outages
- Maintenance contracts that provide for rapid, quality responses to issues
- 48-hour storage at average flow
- Network flexibility to manage outages through interconnected trunk mains
- Utilises more than one surface water source (stream)
- Upgrading a number of reservoirs for resilience against seismic events
- Ongoing maintenance of assets which prevents failure
- Standby generation at the treatment plants
- Telemetry system with alarm triggers to improve reaction time and prevention of issues.

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## 4.9 Indicative forecasts of capital and operating expenditure

The following graphs illustrate the indicative forecasts of capital and operational expenditure for the next 30 years, adjusted for inflation.

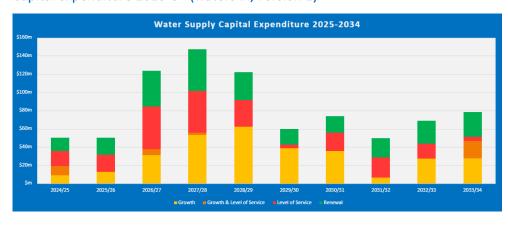
There are two versions of the capital expenditure graphs included in this section.

- Version 1: separates projects which have a varied mix of funding sources into a separate category, which is called 'growth and level of service'.
- Version 2: separates out those growth projects which are 50% or more funded by development contributions under the category 'growth'. Those projects titled 'level of service' may still have a development contribution component but it will be less than 50%.

## Capital expenditure 2025-26 (waters out, version 1)



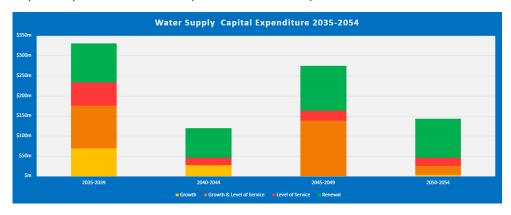
## Capital expenditure 2025-34 (waters in, version 1)



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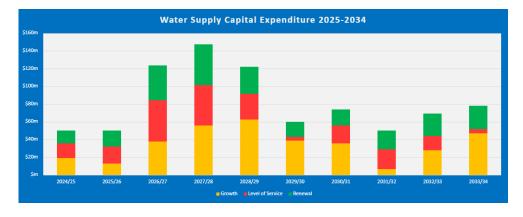
# Capital expenditure 2035-54 (waters in version 1)



# Capital expenditure 2025-26 (waters out, version 2)

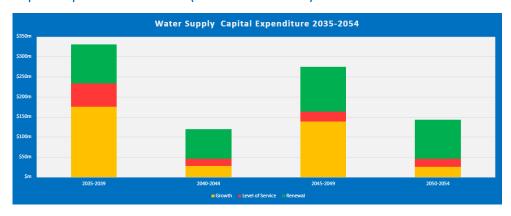


## Capital expenditure 2025-34 (waters in, version 2)



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# Capital expenditure 2035-54 (waters in version 2)



## Operational expenditure

Still to come

### 5 Wastewater

Please refer section 3 for information that applies to all waters services sections of this Infrastructure Strategy.

Council is committed to supplying a wastewater system that is sustainable over the long-term, and is resilient and affordable. Additionally, Council is focused on seeking to manage wastewater in a culturally appropriate manner. This section of the Infrastructure Strategy highlights matters Council needs to focus on to achieve these outcomes. At a high level it is informed by Council's wider strategic direction, New Zealand's legislative environment, and aligns with Council's financial strategy and long-term plan. It is also informed by Council's 30 -Year Wastewater Supply Strategy. The detail contained in this section has been taken from Council's Wastewater Asset Management Plan 2023-2024.

Tauranga City's wastewater system consists of the following major components:

- Reticulation: the wastewater reticulation network is made up of approximately 1,244 kilometres of wastewater mains and service lines, 58,620 customer connections and 18,034 manholes (numbers in AMS June 2023), plus a significant number of other components.
- <u>Pump Stations</u>: Counci owns and operates 235 wastewater pump stations, located across the city.
- Wastewater Treatment Plants: Council has two wastewater treatment plants (WWTPs).
  - Chapel Street WWTP consists of pre-treatment, primary clarification, flow balancing, secondary treatment utilising contact stabilisation and clarification and sludge digestion followed by ultraviolet treatment. The treated wastewater is then pumped to wetlands at Te Maunga from where it is pumped to the sea via an ocean outfall 950 metres off Papamoa Beach. The maximum feasible capacity of the Chapel Street WWTP has been reached and no further upgrades are planned at this site. Significant capital works (Southern Pipeline) have been completed to divert any additional flows resulting from infill and subdivision development to the Te Maunga plant.
  - The Te Maunga WWTP consists of pre-treatment and secondary treatment comprising
    of extended aeration and secondary clarification. The final effluent then gravitates to
    a sludge-settling lagoon from there it flows through a wetland before being pumped
    out to sea via the ocean outfall.
- Southern Pipeline: The Southern Pipeline is a major infrastructure asset that will support both
  intensification and greenfield development on the city centre side of the harbour for the next
  50 years. This rising main conveys flows from Memorial Park pump station (PS) under the
  harbour to the Te Maunga WWTP. The Southern Pipeline provides operational flexibility for
  optimising performance of the treatment plants through flow balancing in dry weather
  conditions, while providing network wet weather capacity when required.
- Wetlands: Three wetlands at Te Maunga provide the final stage of the treatment process prior
  to discharge into the ocean. The main function of the wetlands is to reduce nutrient levels and
  biological oxygen demand of the treated wastewater prior to its discharge to minimise the
  impact on the receiving environment. An existing oxidation pond will be converted into a fourth
  wetland, once a system upgrade makes its current function unnecessary.
- Ocean Outfall (Te Maunga): The ocean outfall consists of a 600 mm diameter post tensioned concrete pipeline extending approximately 950 metres offshore from Papamoa Beach. This pipeline is buried to a depth of approximately three metres in the surf zone.

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As of early 2023, the wastewater system serviced approximately 57,000 properties and in 2022/23 we treated 14,151,750 cubic metres of wastewater. The average amount of wastewater produced per person per day is approximately 250 litres.

Wastewater from the western parts of the city, including Welcome Bay and Maungatapu, is treated at the Chapel Street Wastewater Treatment Plant (WWTP). Wastewater from the southern parts can be directed to either the Chapel Street WWTP or Te Maunga WWTP via the Southern Pipeline. The eastern part of the city along the coast is served by the Te Maunga WWTP. Treated wastewater from both WWTPs passes through wetlands, ponds and an ultra-violet treatment unit at the Te Maunga WWTP before being discharged through the marine outfall off Papamoa Beach.

Most of Tauranga's wastewater network was constructed between the 1970s and 1980s, and is now in the middle of its lifecycle. Although the network generally performs well, and renewals are not currently a major driver for investment, this is likely to change over the 30-year time period covered by this Strategy. Because most of the network is of a similar age, an intensive renewal period can be expected.

The Chapel St WWTP is of a similar age as most of the network, having been commissioned in 1969. Wastewater treated at the Chapel St WWTP is not discharged in the vicinity of the Chapel St plant but pumped to wetlands at Te Maunga prior to discharge via the Te Maunga ocean outfall.

The Te Maunga WWTP is almost 30 years younger, having been commissioned in 1996. Flows from both WWTPs are combined at the Outfall pump station, then disinfected using ultraviolet (UV) technology and discharged via the ocean outfall.

The 950 m long ocean outfall was installed in the 1970s, and was expected to have capacity for discharging peak treated wastewater flows until 2040. However, the poor structural condition of the outfall almost 20 years prior to its expected replacement date means that its current operational capacity is only about 53% of its design capacity, meaning it discharges up to 480 l/s instead of the 900 l/s it is consented to convey. The capacity of the ocean outfall is the current key constraint for Tauranga's wastewater system, and an augmentation programme for the ocean outfall is high priority.

Tauranga's growing population makes this constraint even more pressing, and the additional wastewater flows (quantity) and contaminant loads (quality) generated by the increasing number of people living and working in Tauranga are the major driver for the overall projected 30-year capital expenditure.

In addition to prioritising augmentation of the ocean outfall pipe, and investing in the wastewater system as whole, to ensure it is environmentally sustainable and meets the demands of growth, a further high priority is to begin the consent application process for the Te Maunga and Chapel Street WWTP. The current consents expire in 2040 and given the likely complexity of the consenting process and the information needed to support the application, this work should be started as early as possible.

The following table provides strategies and initiatives the wastewater activity will be focussing on, and links these back to challenges and risk areas.

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Problem & Risk Areas	Specific Issues and Uncertainties	Strategies and Initiatives
Water Reforms and Legislative Changes	<ul> <li>Water Reforms and DIA Initiatives</li> <li>Taumata Arowai – Water Services Regulator</li> <li>Te Mana o te Wai</li> <li>LGA 2002 &amp; RMA amendments</li> </ul>	<ul> <li>Participate in Affordable Water Reforms and transition to separate entity</li> <li>Collaborative conversation with neighbouring councils</li> <li>Investigate impacts on TCC organisation</li> <li>Implement legislative changes e.g. Taumata Arowai</li> </ul>
Environmental and Climate Change Impacts	<ul> <li>Resilience with respect to climate change</li> <li>Infrastructure resilience issues</li> <li>Other Climate Change Risks</li> <li>Zero Carbon Act / Energy Consumption</li> <li>Tauranga Taurikura 2022 – 2023 (Draft Environment Strategy)</li> <li>Management of bio solids</li> <li>Management and monitoring of inflow and infiltration</li> </ul>	<ul> <li>Investigate climate change risks, impacts and mitigations</li> <li>Implement resilience improvement strategy and be involved in natural hazards work streams</li> <li>Review Wastewater Strategy in line with legislative changes</li> <li>Investigate and implement energy consumption and carbon emission initiatives</li> <li>Support good environmental outcomes regarding odour, blockages, discharges, overflows, etc.</li> <li>Identify and develop opportunities to improve energy use, costs and/or implement alternative energy sources.</li> </ul>
Increased Demand and Development growth	<ul> <li>Growth in areas distant to treatment facilities.</li> <li>New wastewater corridors required for new development areas.</li> <li>Lack of treatment capacity</li> <li>Lack of network capacity</li> </ul>	<ul> <li>Ongoing development of Te Maunga Treatment Plant</li> <li>Participate in city growth and intensification planning</li> <li>Extension and upgrade of the network as required</li> <li>Development of new corridors for wastewater in the new development areas.</li> <li>Renew the ocean outfall.</li> </ul>
Service Delivery and Levels of Service	<ul> <li>Quantity and quality issues with the treatment and conveyance of wastewater.</li> <li>Odour complaints and odour control issues.</li> <li>Early deterioration of assets</li> <li>Community and cultural expectations about treatment and safe operations</li> <li>The geography of the city and related operational issues.</li> </ul>	<ul> <li>Operate long-term maintenance contract with WBOPDC</li> <li>Levels of service to be adopted for containment and treatment plants that is culturally and environmentally acceptable</li> <li>Ongoing investigation and improvement of asset condition and renewals modelling</li> <li>Ensure renewals projects are delivered to ensure safe removal and treatment of wastewater</li> </ul>

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Problem & Risk Areas	Specific Issues and Uncertainties	Strategies and Initiatives
		<ul> <li>Validate and operationalise the network model to improve inflow and infiltration management</li> <li>Enhance community education to improve the operability of the network and to reduce overflows</li> </ul>

Other programmes and projects to ensure ongoing safety and quality of the delivery of the wastewater system are:

- Wastewater Programme Business Case: focusing on developing approaches to wastewater management that are sustainable, affordable, and culturally appropriate incorporating the views and direction of Tangata Whenua.
- <u>Our Water Future Programme</u>: integrating future water supply, wastewater, and stormwater management across the entire western Bay of Plenty sub-region, with a long-term outlook.
- Adaptive planning: to maintain and improve the functionality and resilience of the wastewater (supported by the Inflow & Infiltration Programme).
- <u>Tangata Whenua Partnership Programme</u>: working with rather than engaging with Tangata Whenua.
- Consent application for renewal of the Te Maunga and Chapel St WWTP consents.
- Augmentation of the ocean outfall to increase its capacity.
- <u>Wastewater system capacity assessment</u>: looks at identifying future capacity under a number of scenarios.
- Biosolids management options.
- <u>Integrated infrastructure planning</u>: to identify estimated capital costs for wastewater infrastructure for short (10 years) and medium-term (30 years) planning horizons and consider opportunities for joint/integrated projects.

Affordability constraints means that work programming extends beyond the Long-Term Plan and the 10 year activity management plan, as it is cost-prohibitive to deliver all necessary intiatives within the upcoming 10 year timeframe. However, this work programming is indicative only, as Council will no longer have responsibility for delivering wastewater services once the Bay of Plenty region water services entity is operational.

## 5.1 Key projects/programmes (full 30 year forecasts)

	2025-34 (\$)	2035-44 (\$)	2045-54 (\$)	Total (\$)
WW Reticulation Upgrades &				
Renewals	329,910,847	320,081,553	384,714,931	1,034,707,331
Te Maunga WW Treatment Plant	299,849,944	352,209,750	-	652,059,694
Eastern Corridor - Trunk Wastewater	289,781,643	51,609,082	-	341,390,726
WW Treatment Plant Renewals	25,410,735	38,858,424	72,299,013	136,568,172
Infrastructure Resilience Capital				
Works	43,020,411	34,062,053	-	77,082,464

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	2025-34 (\$)	2035-44 (\$)	2045-54 (\$)	Total (\$)
Western Corridor - Belk Rd Plateau	21,885,593	49,818,877	-	71,704,469
SW Minor Capital Works & Renewals	6,346,175	8,867,608	11,092,608	26,306,391
Wastewater Renewals/Upgrades Programme	16,156,437	-	-	16,156,437
WC - Tauriko Business Estate	8,127,380	-	-	8,127,380
Western Corridor - Tauriko West	3,778,631	-	-	3,778,631
Eastern Corridor - Wairakei	2,515,289	753,930	-	3,269,219
Cameron Road Stage 2	1,846,834	-	-	1,846,834
Te Papa Intensification	1,748,224	-	-	1,748,224
WC - Pyes Pa West Growth Area	1,610,909	-	-	1,610,909
TOTAL	1,051,989,052	856,261,277	468,106,552	2,376,356,882

#### 5.2 Wastewater assets

Asset Group	Asset Type	Quanity (at July 2023)
Conveyance Network	Mains pipes, Service lines, Odour	1,244 km – mains pipes and
	control	service lines
Pumping and	Pump stations & Rising mains	235 - Pump stations
Management		43 km – SPM & Rising mains
Treatment & Disposal	Treatment plants, Outfall,	Treatment plants – 2
	Wetlands, Oxidation and Sludge	Ocean outfall – 1
	ponds	Wetlands & ponds - 5

#### 5.3 Critical assets

The Wastewater Asset Management Plan includes a detailed assessment of the criticality of individual assets within the wastewater network. The most critical assets within the network include:

- the Chapel Street and Te Maunga wastewater treatment plants and ocean outfall system;
- Memorial Park, Maleme Street, Judea, Opal Drive, Bethlehem, Totara Street, McDonald Street and pump stations;
- trunk mains and rising mains greater than 450mm in diameter, including the Southern Pipeline
  mains, servicing the Tauranga Hospital, and mains in proximity to, or crossing, rail lines, state
  highways or the harbour and estuaries.

A number of critical assets require further investment to ensure ongoing performance and reliability including the Te Maunga plant, ocean outfall, and Opal Drive pump station.

#### 5.4 Renewals and replacements

The renewals strategy for the wastewater network includes planned replacements (based on critical asset monitoring and condition assessment), rehabilitation and run-to-failure. Proactive indicators include targeted and routine CCTV surveys, asset attributes such as age, environment and type of use. Reactive indicators are a result of breaks, blockages and overflows. The projected renewals budget for

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years 1 and 2 of this strategy is approximately \$37 million versus an amount of \$1,076 million for the full 30 years.

One of the issues that is affecting the renewals programme for wastewater includes the deterioration of assets. There has been a need to rehabilitate pipes at only 50% of their design life due to soft ground conditions, asbestos cement (AC) and concrete pipes not living up to the expectations due to hydrogen sulphide gas attacks and risk of failure of modified poly-vinyl chloride rising mains. AC sewer lines larger than 150mm have had their useful live decreased by 10 years.

Challenges have also been identified with several pump stations failing to meet storage requirements and pump operating hours. This has implications for the management of heavy flows due to weather events but also from increased flows due to intensification and greenfield developments.

An annual average investment of almost \$6 million is required to renew the assets comprising the wastewater pipes network. This figure includes network assets such as wastewater mains, service lines, rodding eyes, valves, odour control assets and manholes.

### 5.5 Responding to growth in the demand for services

Population growth, development of new residential areas and an increase in commercial and industrial activities increases the demand for wastewater services and the volume of wastewater that needs to be treated and disposed of. The projected growth budget for years 1 and 2 of this strategy is approximately \$74 million versus an amount of \$736 million for the full 30 years.

The demand for the services is also influenced by climate change, the type of development, custome rexpectations, emerging technology and customer education. Effective planning and the provision of assets is required to meet the needs and expectations of our community.

This includes the provision of adequate capacity in the network and includes the upgrade of the Te Maunga WWTP to increase its capacity to treat the additional flows and loads from its current catchment and those being transferred from the current Chapel Street catchments through the Southern Pipeline.

Key upgrades and newly required infrastructure have been identified through the Eastern and Western Corridor studies. In addition, we have identified several projects through our network modelling, which have been included in the LTP.

#### 5.6 Planned increases or decreases in levels of services

There are increases in levels of service relating to the resilience of some elements of the network. The 30-year Wastewater Strategy has identified the need for a level of service review to be undertaken looking at the capacity of the network. The intention of the review would be to create a performance based level of service rather than one that is based on a static engineering design standard. No decision has been made regarding the timing of this review.

#### 5.7 Public health and environmental outcomes

The wastewater system conveniently and safely removes the wastewater produced in households, commercial, industrial and public buildings and allows it to be treated before disposal to the environment. In doing so, contemporary wastewater systems are a key contributor to maintaining public health and environmental protection, and so enable urban communities to grow and thrive.

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Environmental outcomes are set out in the conditions of Council's discharge consent. In addition, Council and Tangata Whenua representatives sit on the Wastewater Management Review Committee. One of the functions of the committee is to make recommendations regarding the physical measures and initiatives to address or compensate for actual or potential effects of the wastewater scheme.

#### 5.8 Resilience

As outlined above Council has identified potential hazard prone assets throughout the city and 315 potential mitigation projects have been scoped and costed. In addition to this project, resilience is incorporated into the ongoing operation of the wastewater network in the following ways:

- the Southern Pipeline provides network flexibility for flows between treatment plants
- telemetry system to improve reaction time and prevention of issues
- ongoing maintenance of assets which prevents failure
- maintenance contracts that provide for rapid, quality responses to issues
- standby generation at the treatment plants.
- Memorial Park Wet Well/Reticulation Network Wet Well Wizard Aeration Injectors (2-off) installed in wet well to break down fats, oils and greases (FOG) to prevent air valves on the Southern Pipeline from clogging. Reduced maintenance and downtime.
- Eastern Corridor Reticulation network Pressure logging/monitoring of critical pipelines along
  the Eastern Corridor reticulation network. Confirm modelled pressures at critical locations.
  Confirmation of low risk of fatigue related failures and useful pipeline life at critical locations
  in the network.
- Te Maunga Pre-Treatment Installed new Honeycomb Panels on Pre-Treatment Band Screen which improved Pre-Treatment Band Screening cleaning efficiency and increased process flows.
- Wastewater Pump Stations Annual renewals created for submersible pumps replacement due to unforeseen failures/unplanned replacement. This enables replacement for unforeseen failures, where repairing isn't a viable option and enhances operational continuity.

#### 5.9 Indicative forecasts of capital and operating expenditure

The following graphs illustrate the indicative forecasts of capital and operational expenditure for the next 30 years, adjusted for inflation.

There are two versions of the capital expenditure graphs included in this section.

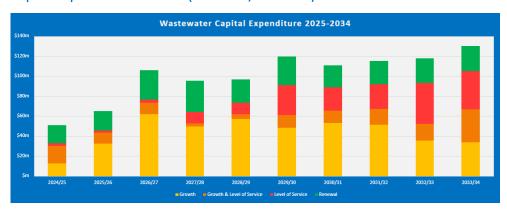
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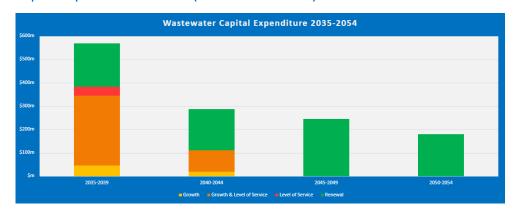
# Capital expenditure 2025-26 (waters out, version 1)



## Capital expenditure 2025-34 (waters in, version 1)

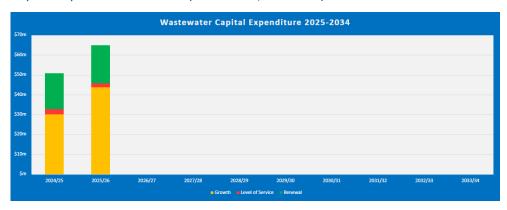


## Capital expenditure 2035-54 (waters in version 1)

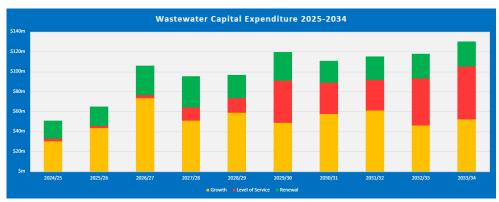


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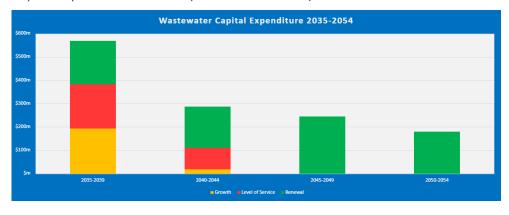
## Capital expenditure 2025-26 (waters out, version 2)



## Capital expenditure 2025-34 (waters in, version 2)



## Capital expenditure 2035-54 (waters in version 2)



## Operational expenditure

Still to come

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### 6 Stormwater

Please refer section 3 for information that applies to all waters services sections of this Infrastructure Strategy.

Council is committed to supplying a stormwater and flood control system that is sustainable over the long-term, and is resilient and affordable. Additionally, Council is focused on ensuring stormwater is managed in a culturally appropriate manner. This section of the Infrastructure Strategy highlights matters Council needs to focus on to achieve these outcomes. At a high level it is informed by Council's wider strategic direction, New Zealand's legislative environment, and aligns with Council's financial strategy and long-term plan. It is also informed by Council's 30 -Year Stormwater Strategy. The detail contained in this section has been taken from Council's Stormwater Asset Management Plan 2023-2024.

Tauranga City's stormwater system is split into six catchments:

- Mount Industrial and Sulphur Point (discharging to the Tauranga Harbour) consisting of 7 subcatchments;
- Maranui/Mangatawa (discharging to Rangataua Bay / Tauranga Harbour);
- Tauranga City (discharging to the Tauranga Harbour) comprising 18 sub-catchments;
- Wairoa (discharging to the Wairoa River);
- Mount Beach (discharging to the ocean beach, Bay of Plenty);
- Papamoa (discharging to the ocean beach, Bay of Plenty).

The City catchment and the Mount Industrial and Sulphur Point catchment are split into a number of smaller sub-catchments to enable stormwater issues and associated management options to be scoped more specifically. As a result, there are 26 sub-catchments (including Wairoa and Mount Beach as two distinct catchments) which make up Tauranga City.

Within these catchments are a range of different infrastructure assets which together provide stormwater management:

- <u>Stormwater Mains and Connections</u>: these provide the connection from private stormwater systems to the public stormwater network. Stormwater mains provide the piped part of the public stormwater network, which drains stormwater from its point of origin to the nearest discharge point. Stormwater mains commonly discharge into drains, ponds, wetlands, streams, harbours, or the ocean.
- Stormwater manholes: access points to the piped part of the stormwater network. They are
  placed at maximum intervals as well as at bends and where multiple pipes connect. Manholes
  are generally found in urban areas, in streets, footpaths and occasionally in parks and private
  properties.
- Open Drains and Culverts: the function of open drains is similar to that of stormwater mains
  described above. Open drains are generally used in areas with less pressure on land availability,
  such as recreational and stormwater reserves as well as urban areas.
- <u>Stormwater inlets and outlets</u>: the beginning and end of stormwater mains or culverts. Their function is to facilitate the flow into and out of pipes and culverts and to minimise erosion at the intersections of piped and open stormwater drainage systems.
- <u>Soakage modules</u> provide for the discharge of stormwater into the ground. This reduces the need for stormwater mains and open drains, acts as a natural filter for pollutants and recharges

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- the groundwater. Care has to be taken to only use this technique in areas where ground soakage is appropriate, as it can otherwise increase the risk of slips and reduce land stability.
- <u>Stormwater pump stations</u>: smaller in design and capacity than their wastewater equivalents, they are used to remedy localised problems where landform or location prohibits direct discharge to the gravity system.
- Overland flowpaths: regulated by the City Plan. Streets and reserve areas, as well as private
  and public green space, can double as overland flow paths. In newer areas, overland flow paths
  across private property are usually identified and protected by an easement in favour of
  Council.
- Stopbanks: prevent flooding of the adjoining countryside to mitigate flood risk during extreme rainfall events.
- <u>Ponds and Wetlands</u>: stormwater attenuation ponds and drainage reserves provide a buffer function to control flooding of rainfall in excess of the primary system's capacity. Treatment ponds (and wetland areas) provide for contaminant removal.
- <u>Floodgates</u>: prevent water from major watercourses entering smaller tributaries and causing flooding.
- <u>Drainage reserves</u>: areas of land set aside and maintained for the management of stormwater.
   These areas fulfil a range of functions, such as natural soakage, ground water replenishment, sediment and nutrient removal and flood protection. Drainage reserves can also function as recreational space.
- <u>Stormwater treatment devices</u>: treat stormwater runoff before it is discharged into the receiving environment. These devices are typically located in areas where high concentrations of contamination are generated. Examples that are part of the TCC network are gross pollutant traps, raingardens, soakage devices, tree pits etc.

Council's public stormwater system includes 858 km of stormwater mains and service lines, 5 pump stations for conveyance, as well as numerous overland flowpaths, storage ponds, treatment devices, soak holes and stopbanks for treatment and flood protection. There are also stormwater reserves and other green infrastructure that have a combined flood management and recreational function.

The key issue facing the stormwater activity is the need to build a system that is resilient enough to reduce the impacts of flooding on people, property, water quality and eco-systems, in a city which is facing the double challenges of population growth and climate change. Stormwater management is critical for the health and wellbeing of our communities and our environment, and well-designed stormwater systems can also improve quality of everyday life (outside of heavy rain events) by providing green space, gardens and recreational areas, and improving biodiversity.

The following table provides strategies and initiatives the stormwater activity will be focussing on, and links these back to challenges and risk areas.

Problem & Risk Areas	Specific Issues and Uncertainties	Strategies and Initiatives
Water Reforms and	<ul> <li>Water Reforms and DIA</li> </ul>	Participate in Water Reforms and
Legislative Changes	Initiatives	transition to separate entity
	<ul> <li>Taumata Arowai – Water</li> </ul>	Collaborative conversation with
	Services Regulator	neighbouring councils
	Te Mana o te Wa	Investigate impacts on TCC
	• LGA 2002 & RMA	organisation
	amendments	<ul> <li>Implement legislative changes e.g.</li> </ul>
		Taumata Arowai

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Problem & Risk Areas	Specific Issues and Uncertainties	Strategies and Initiatives
		Increased consultation and liaison
		with iwi groups
Environmental and	Resilience with respect to	Investigate climate change risks,
Climate Change	climate change	impacts and mitigations
Impacts	Infrastructure resilience issues	Implement resilience improvement
	Other Climate Change Risks	strategy and be involved in natural
	Zero Carbon Act / Energy	hazards work streams
	Consumption	<ul> <li>Investigate and implement energy consumption and carbon emission</li> </ul>
	<ul> <li>Tauranga Taurikura 2022 –</li> <li>2023 (Draft Environment</li> </ul>	initiatives
	Strategy)	Support good environmental
	<ul> <li>Improved understanding of</li> </ul>	outcomes regarding odour, blockages,
	the impact on the	discharges, overflows, pollution
	environment	prevention, etc.
	Impact of stormwater on the	<ul> <li>Identify and develop opportunities to</li> </ul>
	receiving environment	improve energy use, costs and/or
	<ul> <li>Water quality and sediment</li> </ul>	implement alternative energy sources.
	issues	
Increased Demand and	Growth in areas distant to	Participate in city growth and
Development growth	treatment facilities.	intensification planning
	New stormwater corridors	Extension and upgrade of the network
	required	as required
	Lack of treatment capacity	Development of new corridors for stormwater in the new development
	Lack of network capacity	areas.
		<ul> <li>Renew and upgrade under capacity</li> </ul>
		infrastructure.
Service Delivery and	Quantity and quality issues	Implement long-term maintenance
Levels of Service	with stormwater discharge	contract with WBOPDC
	<ul> <li>Community expectations</li> </ul>	<ul> <li>Levels of service to be adopted for</li> </ul>
	about stormwater quality and	conveyance systems and treatment
	environmental issues	assets that is culturally and
	Early deterioration of assets	environmentally acceptable
	Steam health, erosion and	Ongoing investigation and
	marine eco systems	improvement of asset condition and renewals modelling
	<ul> <li>Demand management and customer education</li> </ul>	Ensure renewals and upgrade projects
	Iwi engagement and	are delivered to ensure agreed service
	consultation	levels for the community
		Validate and review the flood
		modelling to improve knowledge
		about ponding and flooding areas
		Enhance community education to
		improve the operability of the
		network and to facilitate
		environmentally friendly behaviour

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Other programmes and projects to ensure ongoing safety and quality of the delivery of the stormwater system are:

- <u>Tangata Whenua Partnership Programme</u>: Incorporating Te Mana o te Wai into three waters
  management is enshrined in legislation (Water Services Act 2021), and its successful
  implementation will require a working partnership with the mana whenua in the Bay of Plenty
  region.
- <u>Community and Stakeholder Engagement Programme</u>: supported by a customised communications plan.
- Working with the development community: Tauranga is one of New Zealand's fastest growing
  cities and establishing a good working relationship with the development community is key to
  delivering quality stormwater solutions for greenfield areas and in areas of intensification
  across the city.
- <u>Developing a stormwater-focused knowledge foundation</u>: Successful and sustainable implementation of water-sensitive design, stormwater activities and ongoing management requires a thorough and in-depth knowledge of the natural and built systems.
- Adopting water-sensitive design as an integral component of urban planning.
- <u>Preparing Stormwater Management Plans</u>: detailed 'roadmaps' for addressing stormwater management issues and setting out management solutions.
- <u>Developing a Stormwater Programme Action Plan</u> that identifies programmes and projects directly or indirectly involved with stormwater management.
- <u>Continuing with the Our Water Future Programme</u>, which focuses on investigating options for integrating future water supply, wastewater and stormwater management across the entire western Bay of Plenty sub-region.
- <u>Integrated infrastructure planning</u>, to identify estimated capital costs for stormwater infrastructure for short (10 years) and medium-term (30 years) planning horizons and consider opportunities for joint/integrated projects.

Affordability constraints means that work programming extends beyond the Long-Term Plan and the 10 year activity management plan, as it is cost-prohibitive to deliver all necessary intiatives within the upcoming 10 year timeframe. However, this work programming is indicative only, as Council will no longer have responsibility for delivering stormwater services once the Bay of Plenty region water services entity is operational.

## 6.1 Key projects/programmes (full 30 year forecasts)

	2025-34 (\$)	2035-44 (\$)	2045-54 (\$)	Total (\$)
Otumoetai Intensification	24,391,997	459,998,408	628,043,469	1,112,433,875
Te Papa Intensification	220,447,314	310,732,288	414,335,113	945,514,715
SW Minor Capital Works & Renewals	121,000,304	234,403,469	93,755,382	449,159,154
SW Bulk Fund & Reactive Reserve	65,044,428	38,826,990	-	103,871,418
Eastern Corridor - Te Tumu	78,538,512	14,694,613	-	93,233,125
Infrastructure Resilience Capital				
Works	40,011,930	13,609,913	-	53,621,844
WC - Pyes Pa West Growth Area	12,536,529	-	-	12,536,529

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TOTAL	599,786,184	1,075,225,149	1,136,743,608	2,811,754,941
Mount Intensification	919,915	-	-	919,915
Renewals	338,025	496,858	609,643	1,444,526
WC - Tauriko Business Estate Prop Management Upgrades &	2,208,166	-	-	2,208,166
Works	2,510,380	-	-	2,510,380
CSC Stormwater Treatment Capital	0,030,030			0,039,330
Cameron Road Stage 2	6,039,550	_	_	6,039,550
Wairakei Stream Culvert Upgrade	7,355,441	-	-	7,355,441
Wairakei Stream Landscaping	5,920,633	2,462,610	-	8,383,243
Western Corridor - Bethlehem	12,523,060	-	-	12,523,060

#### 6.2 Stormwater assets

Asset Group	Asset Type	Quanity (at July 2023)
Conveyance Network	Mains pipes, Service lines, Drains, Manholes	Piped assets – 858 km; Drains – 117 km; Manholes – 14,627
Flood Protection and Treatment	Treatment Devices, Soak Holes, Storage Ponds	Treatment Devices – 45; Soak Holes – 322; Storage Ponds – 147

#### 6.3 Critical assets

The Stormwater Asset Management Plan has been updated to include the criticality of pipes in the stormwater network. Mains pipes with a diameter of 1,500mm and bigger are deemed as extremely critical (approximately 17km of the network). Stormwater pipes located at the port and airport is also assessed as extremely critical. Channels, stop banks, and ponds, as well as inlets, outlets, and floodgates associated with these, are critical. Therefore, proactive maintenance inspections are carried out when a heavy rain warning is issued to clear blockages.

#### 6.4 Renewals and replacements

Our renewals programme is based on a significant amount of data and evidence including asset age, inspections and condition surveys. The projected renewals budget for years 1 and 2 of this strategy is approximately \$3 million versus an amount of \$73 million for the full 30 years.

There have been increases in renewal costs driven by increased traffic management costs and unit rate increases for materials and labour.

We have an ongoing programme for the cleaning and maintenance of stormwater assets. This programme ensures that the ponds can operate as designed to reduce flooding and accommodate the discharge of contaminants.

## 6.5 Responding to growth in the demand for services

Property development across the city has increased the area of impervious services and with increased rainfall places additional pressure on the existing stormwater network. Council has

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reviewed and amended the design rules in the Infrastructure Development Code to partially address this issue. Other responses include the changes introduced by Plan Change 27, which has implemented an impervious surfaces rule for many of our residential areas. Exceeding the impervious rule requires resource consent to consider how the development mitigates the effects of any additional stormwater runoff. The projected growth budget for years 1 and 2 of this strategy is approximately \$15 million versus an amount of \$124 million for the full 30 years.

As Tauranga intensifies, further investigation is proposed to identify where additional work may be needed to mitigate legacy flooding issues. The Te Papa Spatial Plan considered stormwater at a high level and further work is proposed. Initial budget is proposed for capacity upgrades across the city as part of this LTP. This is to consider how the upgrading of infrastructure and/or creation of improved flow paths and open space can mitigate flood risk in existing suburbs as well as benefit other outcomes such as amenity and connectivity.

#### 6.6 Planned increases or decreases in levels of services

New infrastructure builds as part of land development are required to design a primary network (pipes or other form of conveyance) for the 1 in 10 year ARI rain event. The overall stormwater system, including safe provision for flow of water overland, is required to be designed for a 1 in 100 year storm. Recent changes to the City Plan and Infrastructure Development Code now require increased design for climate change.

Some older established parts of Tauranga have not been designed to cater for stormwater in this way. Council's programme of intervention in existing established areas is based on a 'Safety to Persons' approach adopted as part of the Long-term Plan 2015-25. This targets areas where the combination of depth and velocity in a large rainfall event is greater than 0.4~m2/s which poses a risk to people's safety. Prioritised projects to address these risks have included purchase of at-risk property and infrastructure to reduce the hazard. There is no change proposed to this level of service. Budget in the LTP is provided to complete projects identified as required to achieve this safety based Level of Service.

Council has indentified budgets to improve network capacity in existing established areas. These budgets allow for upgrading of infrastructure and/or creation of improved flow paths and open space to mitigate flood risk in existing suburbs as well as benefit other outcomes such as amenity, connectivity and intensification.

#### 6.7 Public health and environmental outcomes

The waterways, harbour and coast are places for food- gathering, recreation and enjoyment for all Tauranga residents and visitors. Urban stormwater from residential and business properties, roads and car parks has impacted water quality and the health of the receiving ecosystems. Water quality, ecosystems and mahinga kai have declined, and the mauri of the water has been degraded. While some of Tauranga's streams have excellent water quality and ecosystem health, many have fair or poor water quality (Bay of Plenty Region River Quality, Land, Air, Water Aotearoa, 14 September 2020).

Waterways can be contaminated with industrial wastewater and runoff, road and car pollutants, human and animal faeces, sediment, nutrients, and litter. Council has a pollution prevention programme, along with other education programmes in the community, where staff work directly with commercial and industrial property owners to improve their onsite stormwater practices. As

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noted above, we have identified a range of responses to address these challenges.

#### 6.8 Resilience

As outlined above Council has identified potential hazard prone assets throughout the city and 315 potential mitigation projects have been scoped and costed. In addition to this project, resilience is incorporated into the ongoing operation of the stormwater network in the following ways:

- change to cater for 100 year ARI including climate change (more intense rainfalls and sea level rise) for flood management (instead of 50-year existing)
- shift to utilising open systems, including natural waterways, for the conveyance of flows.
   These systems are much more adaptable than pipe networks
- maintenance contracts that provide for rapid, quality responses to issues.

## 6.9 Indicative forecasts of capital and operating expenditure

The following graphs illustrate the indicative forecasts of capital and operational expenditure for the next 30 years, adjusted for inflation.

There are two versions of the capital expenditure graphs included in this section.

- Version 1: separates projects which have a varied mix of funding sources into a separate category, which is called 'growth and level of service'.
- Version 2: separates out those growth projects which are 50% or more funded by development contributions under the category 'growth'. Those projects titled 'level of service' may still have a development contribution component but it will be less than 50%.

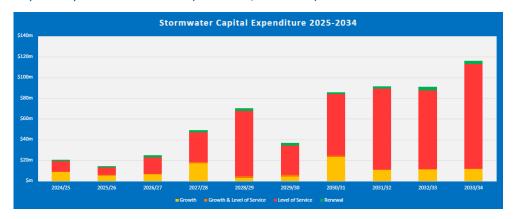
#### Capital expenditure 2025-26 (waters out, version 1)



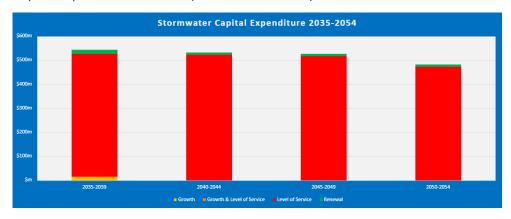
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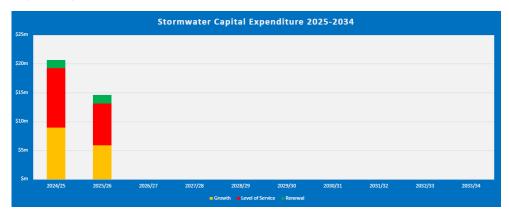
# Capital expenditure 2025-34 (waters in, version 1)



# Capital expenditure 2035-54 (waters in version 1)

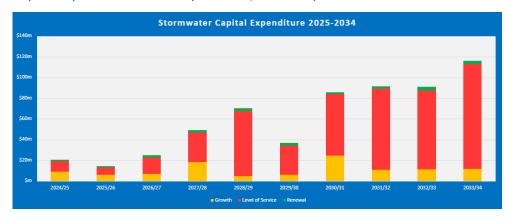


## Capital expenditure 2025-26 (waters out, version 2)

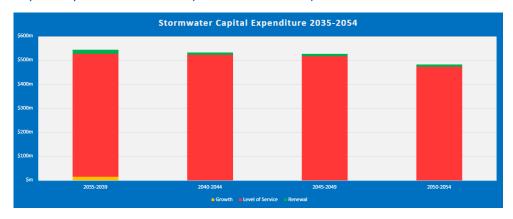


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# Capital expenditure 2025-34 (waters in, version 2)



# Capital expenditure 2035-54 (waters in version 2)



## Operational expenditure

Still to come

## 7 Flood control

Please refer section 3 for information that applies to all waters services sections of this Infrastructure Strategy.

This activity is expected to come into effect on the transition of City Waters Group to a new Water Services Entity. A 'go live' date of of 1 October 2025 has been proposed for the Bay of Plenty water services entity, however this date has not yet been finalised (all 10 water service entities across New Zealand will commence their operation between 1 July 2024 to 1 July 2026). For the purposes of this Infrastructure Strategy, it has been assumed that Council has the responsibility for delivery of all water services for years 1 & 2 of this Strategy and the Water Services Entity takes on its responsibilities in year 3.

While the new Water Service Entities will be responsible for the management of the stormwater network, which includes overland flow paths and watercourses, including the development of risk management plans, there are still functions related to stormwater management which are expected to sit with the Tauranga City Council.

Some councils across New Zealand have larger river flood schemes to manage, and these management responsibilities are not transferring to the new water service entities. Whilst Council does not have any large river flood schemes to manage, it is expected it will still have some responsibilities relating to urban flood control and development outcomes. For example, it is likely that Council's urban planning function will still need to address stormwater outcomes and support a reduction in flood risk over time, eg through spatial planning and city plan provisions.

Further work will be completed to clarify the role and function of Council's flood control activity prior to the establishment of the Bay of Plenty Water Services Entity, together with financial forecasts.

Currently the flood protection/control activity is contained with the wider stormwater programme.

## 7.1 Assumptions

For now, Council has made the following assumptions in relation to the Flood Control activity.

Assumption	Revelance to this activity
That urban growth continues as a key	The planning for stormwater and flood management is
driver for determining capital	based on the key requirement to service new development
investment in the stormwater	areas as well as intensification of existing areas to service a
network and flood management	growing population.
Transition to a new Water Entity	The transition to a new water entity will require clear
	definition of roles and responsibilities between Council and
	the new Water Services Entity for new and existing
	infrastructure investment and operations. This is likely to
	impact on the current prioritisation of investment.
	Opportunities across Council boundaries may also be
	identified that change the focus of current investment. The
	creation of the Water Entity drives the need for a new
	activity for flood control to reside with Council.

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Assumption	Revelance to this activity
Flood water affects all Council assets	An integrated approach to assessing risk and recovery is
	necessary for: Transport, Property, Spaces and Places, Risk
	and Assurance, and Emergency Operations.

## 7.2 Key projects/programmes

7.2 Rey projecto, programmes			
Timeframe	Proposed project/work programme for this activity		
Short term (1-3 years)  Note – the assumption, for the purpose of this Infrastructure  Strategy, is that Council has the responsibility for deliver of all water services for years 1 & 2 of this  Strategy and the Water Services  Entity takes on its responsibilities in year 3	<ul> <li>Develop a Flood Management Strategy for an integrated approach to the management of flood water across the City</li> <li>Meet all legislated, regulatory and consent requirements for the safe management of the stormwater system.</li> <li>Identify the transfer of relevant consents to WSE and/or responsibilities for managing consents that bridge the two organisations.</li> <li>Develop and review catchment management plans</li> <li>Participate in the water reform process as needed.</li> </ul>		
Medium term (4-10 years)	<ul> <li>Participate in the optimisation of the planning, infrastructure delivery, operation and maintenance and renewal processes for flood water.</li> <li>Consider the impact of climate change and implement resilience initiatives.</li> </ul>		
Long term (11-30 years)	Prepare and manage the overarching longer term flood water plans and strategies.		

## 7.3 Financial forecasts

These will be developed once there is clarity regarding the scope, responsibilities and functions of the Flood Control Activity.

## 8 Transport

Over the last 30 years, Tauranga's strategic transport network has been developed through a joint Council and Waka Kotahi investment program aligned with SmartGrowth. The investments made in the State Highway network have supported the efficient movement of freight, in turn supporting the economic growth of the city and in particular the Port of Tauranga and associated industries. Significant investment has been made into the local road network to support residential and economic growth as well as leveraging the investments made by Waka Kotahi.

Great cities and communities are built on the safe, sustainable, low carbon emission and efficient movement of people and goods. The Western Bay of Plenty (WBOP) Transport System Plan (TSP) identifies the right transport investments to support urban and rural development and provide people with better travel choices. This has been adopted, and more recently refreshed to inform the current Long-Term Plan (LTP) and Regional Land Transport Plan (RLTP) and is a significant milestone that is set to change the way people move around the Western Bay of Plenty over the next 30 years.

The TSP supports the Urban Form and Transport Initiative (UFTI9) connected centres approach. This approach was agreed as a key framework to address our regions' challenges and to realise our desired transport and land use benefits. The TSP establishes the infrastructure program required to enable future 'up and out' development along with connecting existing and new urban centres in a way that makes it easy to move around to work, learn and play, over the next 30 years.

TSP is not only about planning for the future, but it is also about delivering that future now through the infrastructure investments we make. Several of the priorities from the first version of TSP have been translated into active investment projects, along with significant progress with planning projects. The TSP10 was refreshed in 2023 to reflect changes in key national policies, such as the Emissions Reduction Plan11. The refresh built on the original TSP program in light of these changes whilst ensuring that the key objectives of affordability, achievability and fundability were pivotal. The agreed TSP investment objectives provided the framework for prioritising network investments, through a gap analysis approach. These objectives are:

- Access: Maintaining or improving accessibility for priority modes and routes (mobility impaired, walking, cycling, micro-mobility, public transport and freight) to key destinations such as jobs, education, leisure facilities & Port of Tauranga. This includes improved resilience to unplanned closures as a result of natural hazards and climate change.
- Safety: Contribute to an outcome where no one is killed or seriously injured in road crashes and there is improved experiences and perceptions of safety for vulnerable users.

#### PORT OF TAURANGA

Considerable growth in commercial traffic is projected. Heavy commercial vehicle traffic growth is estimated to increase on all state highway routes that run through Tauranga and connect to the wider region and the upper North Island. For example, between 2018 and 2043 heavy commercial vehicle traffic growth on SH2/Takitimu Drive of 74%, on SH2 North/Te Puna of 63%, SH29/Kaimai of 64%, and SH2/Otamarakau of 38% is estimated 13.

The Port of Tauranga is a nationally significant international gateway and New Zealand's largest port by volume. The port handles 32% of all New Zealand cargo, 36% of New Zealand exports and 42% of all shipping containers. In 2021/2022 the port handled just over 25.6 million tonnes of cargo<sup>14</sup>. Although the Port is of economic importance to both Tauranga and New Zealand, it does have an impact on the locally funded road network. This includes congestion, impacts on the road surface and on other road users, including cyclists.

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<sup>&</sup>lt;sup>9</sup> https://www.tauranga.govt.nz/our-future/enabling-growth/connected-centres-programme

 $<sup>^{10}</sup>$  Western Bay of Plenty Transport System Plan, June 2023

<sup>&</sup>lt;sup>11</sup> Ministry for the Environment (2022): Te hau mārohi ki anamata. Towards a productive, sustainable and inclusive economy: Aotearoa New Zealand's first emissions reduction plan.

- Sustainable Urban Growth: Support sustainable urban growth and quality urban form
  outcomes by prioritising projects that integrate best practise land use, urban design and
  transport planning approaches.
- Emissions: Increase mode share for public transport, active, low and zero emission modes as a means of supporting healthy community outcomes and to achieve our VKT and emissions reduction commitments under the New Zealand Emissions Reduction Plan.

The TSP refresh builds upon the previous findings and recommendations in the first version of TSP to understand the transport network gaps that need to be addressed and sets a program to deliver the agreed objectives. The process has been collaborative with the TSP working group, steering group and governance group including Waka Kotahi, local authorities and stakeholders.

The transport benefits of the TSP Program have been assessed via transport modelling. Public transport and cycle use increases significantly more that population growth over the modelled time periods of 2035 and 2048. This means there is less vehicle use on a per capita basis than the current situation. As a result, there will be less transport emissions when compared with a program that does not prioritise mode shift.

## 8.1 Key projects/programmes

The TSP refresh has presented a set list of programs for the transport partners to take forward to inform planning processes. Findings and recommendations from the TSP refresh are also to be considered as part of the proposed VKT Reduction Program (which has commenced and will be completed by June 2024). Both the TSP refresh and VKT reduction plan can inform transport planning in the subregion going forward. Integration with the SmartGrowth Strategy will best achieve the land use and transport outcomes sought by the agreed UFTI Connected Centres vision.

	2025-34 (\$)	2035-44 (\$)	2045-54 (\$)	Total (\$)
Local Roads Renewals	339,806,306	225,977,643	247,614,517	813,398,466
WC - Pyes Pa West Growth Area	-	184,680,433	443,967,440	628,647,873
Western Corridor - Ring Rd	411,640	576,707,640	19,749,337	596,868,617
Accessible Streets	64,164,953	203,013,043	21,902,025	289,080,021
Te Papa Intensification	45,176,739	224,395,509	5,030,272	274,602,520
Hewletts Improvements	189,133,558	74,350,964	-	263,484,522
Bridge Resilience Capital Works	46,489,168	134,865,585	-	181,354,753
Welcome Bay, Turret Rd & 15th Ave Corridor	161,076,052	-	-	161,076,052
Cameron Road Stage 2	159,765,973	-	-	159,765,973
Bus Infrastructure	81,323,172	45,173,829	25,587,204	152,084,206
Park & Ride Activation	11,238,143	118,146,850	-	129,384,993
Eastern Corridor - Te Tumu	9,006,114	83,341,866	34,132,500	126,480,480
Eastern Corridor - Papamoa East Wairakei	103,498,372	-	-	103,498,372

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	2025-34 (\$)	2035-44 (\$)	2045-54 (\$)	Total (\$)
Otumoetai Multimodal	102,933,498	-	-	102,933,498
Streetlight Renewal & LED Upgrade	24,969,050	30,650,400	38,469,950	94,089,400
City Centre Development	91,995,713	-	-	91,995,713
Infrastructure Resilience Capital Works	-	35,640,000	44,732,500	80,372,500
Local Roads Upgrades and Improvements	64,428,817	13,852,816	-	78,281,633
Western Corridor - Tauriko West	3,514,377	39,141,140	22,986,166	65,641,682
Western Active Reserve Capital Works	-	50,140,434	7,173,498	57,313,932
Mount/Papamoa Multimodal	51,195,623	-	-	51,195,623
TOTAL	1,550,127,268	2,040,078,152	911,345,409	4,501,550,828

#### 8.2 Transport assets

Asset Group	Quantity (at July 2023)
Road pavement	618km (93% urban, 7% rural)
Footpaths	810km
Streetlights	12,403
Kerb and channel	1,123km
Bridges	12
Pay & display machines	97
Pay & display machines	764
Street signs	16,618

#### 8.3 Critical assets

The Transportation asset management plan includes a detailed assessment of the criticality of individual assets within the transportation network. The most critical assets within the network include the following:

#### Roads/Streets

Totara Street, Welcome Bay Road, Cameron Road, Chapel Street, Cambridge Road, Devonport Road, Domain Road, Eleventh Avenue, Fraser Street, Turret Road, Fifteenth Avenue, Girven Road, Golf Road, Hull Road, Maunganui Road, Oropi Road, Parton Road, Tara Road, Waihi Road, Ngatai Road, Ocean Beach Road, Otumoetai Road, Papamoa Beach Road, Levers Road, Carmichael Road, Mayfield Lane.

ONRC Classification	Bridge	Embankment	Retaining Walls
Regional	Chapel Street Bridge,		Chapel Street
	Welcome Bay Road,		
	Turret Road Bridge		
Arterial	Oropi Road Bridge/	Oropi Road, Pyes Pa	Devonport Road,
	Culvert, Waihi Road	Road, Waihi Road,	Waihi Road, Fifteenth
		Turret Road/Hairini	Avenue
		Bridge	

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Primary Collector		Cambridge Road,	
		Beaumaris Boulevard,	
		Welcome Bay Road,	
		Otumoetai Road,	
		Ngatai Road	
Other	Matua Access Bridge		

## 8.4 Renewals and replacements

Our renewals programme is based on a significant amount of data and evidence including a two-yearly full network survey, 3D profiles of the road surface, inspections, and condition surveys. We use the RAMM database to process the data and create the renewals programme.

There has been an increase to the renewals budget with a total of \$931m for the 30-year period. This budget recognises the need to ensure the network maintenance remains at an affordable level into the future. Under investment in the past has used up the asset life and without the proposed increase we anticipate a high level of reactive maintenance such as potholes and pavement failures.

Assets in some areas are expected to deteriorate at an increased rate due to the additional strain put on our infrastructure by Tauranga's rapidly growing population. Other factors include new contract costs generally increasing by 40 percent nationally over the past three years, driven by significant volatility with bitumen prices, while Temporary Traffic Management (TTM) related costs have grown by approximately 20 percent. Labour and material costs have also increased by 10 to 15 percent. Improved data from the Road Efficiency Group is also leading to growing administration costs to support these improvements. From current projections it's likely that required rehabilitation will need to be deferred in some cases. In the long run this would lower our level of service and potentially result in greater cost, with more assets needing replacement before reaching their expected useful life.

The renewals programme may also be affected by the level of funding that we receive from Waka Kotahi. This includes meeting the costs associated with pavement rehabilitation, with the cost of rehabilitation being far higher than simply resurfacing a road. From a road resurfacing point of view funding levels will be enough to maintain our level of service, however from a pavement rehabilitation our backlog will increase, and failures associated with these roads will reduce our level of service (as noted below).

## 8.5 Responding to growth in the demand for services

There are several ways in which the transport activity is affected by the growth throughout the city. These include the construction of new assets to service greenfield development, reduced safety, increased congestion and reduced travel time reliability and increased maintenance and renewal costs. The growth budget for the 30-year term of this Strategy is \$2,564 million.

Responding to the changes in demand has implications for our renewals programme (as outlined above) but also a significant impact on the proposed capital expenditure programme. Key projects being explored to address the implications of growth are framed under the SmartGrowth partnership and include the Urban Form and Transport Initiative, the Transport System Plan, 'hinterland to sea' project and SmartTrip.

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A key transport route identified for significant investment between council and Waka Kotahi is the 'hinterland to sea' corridor which connects Tauriko to the Mount. This corridor supports commerce through the movement of goods and freight, is a key connection spine between Waikato and the Bay of Plenty (as well as Tauriko, the CBD and the Mount), supports future housing and business land growth in Tauriko corridor, and future intensification of the Te Papa Peninsula and other parts of our city.

Our rapid growth, geography, and high dependency (compared to other New Zealand cities) on private motor vehicles are major contributors to congestion in our city. Because there is little scope for increasing the number of lanes on most of our roads, we have to look for other solutions to our congested transport network. Experience elsewhere in the world has shown that variable road pricing, or SmartTrip, could be that solution. Essentially, SmartTrip is a system which would charge vehicle owners for using Tauranga's highway corridors, with higher costs during peak travel times and lower costs when demand is less. Its intent is to encourage people to think about their road use and, where they can, change their travel time, share their vehicle use, or use another transport mode (like public transport, cycling or walking).

SmartTrip is similar in concept to the charges applied to toll roads and would include using prepayment systems and vehicle recognition technology. If it was to be introduced, existing road tolls would be discontinued. It would also require new legislation, as well as more detailed work on its benefits and implications, together with a significant community consultation process to ensure the concept was supported.

#### 8.6 Planned increases or decreases in levels of services

Levels of service are expected to decrease, with a rapidly growing population putting additional strain on our network resulting in increased asset deterioration and more congestion at peak times. This combined with the constrained funding environment leading to potentially less funding from Waka Kotahi will make it difficult to maintain our current level of service.

To increase the use of alternative transport modes, the LTP supports mode shift projects while maintaining significant investment to improve the road network for vehicles. Examples of these are Area A and B Innovating Streets which support walking, cycling and bus use. Cameron Road Stage 2 is another example. There are increases in levels of service relating to the provision of cycleways and walkways, bus infrastructure and other multi-modal solutions, together with the resilience of some elements of the network.

#### 8.7 Public health and environmental outcomes

The way we plan for and manage the assets that provide transport choices across the city has implications for our health and wellbeing. We know that currently there is a preference for travel by private vehicles which does not support positive health or environmental outcomes.

This private vehicle preference has also led to Tauranga's per capita transport related emissions being higher than Wellington and Dunedin. These issues have been considered in the Bay of Plenty Mode Shift Plan Regional Framework<sup>12</sup> (MSP), UFTI, and the TSP. Key projects and actions identified to address and improve these outcomes for our community include investment in cycleways, multimodal transport, and de-carbonisation of the vehicle fleet over the next 10-20 years. Similarly, the Council's Climate Change Action and Investment Plan (2023) sets actions relating to transport projects that

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 $<sup>^{\</sup>rm 12}$  Regional mode shift plan, Bay of Plenty, September 2020

support growth and emissions reduction, including route and bridge resilience, walkways and cycleways, bike parks in the city centre, city centre bus interchange, and park-and-ride opportunities.

Importantly, the Government released the first Emissions Reduction Plan (ERP) for New Zealand in May 2022. It set out actions needed across every sector of the economy to reduce emissions. Transport has a significant role to play, with a target of 41% reduction in emissions from the transport sector by 2035. The ERP has three focus areas to support this:

- 1. reduce reliance on cars and support people to walk, cycle and use public transport
- 2. rapidly adopt low-emissions vehicles
- 3. begin work now to decarbonise heavy transport and freight.

Whilst the three focus areas are interdependent, they need to be progressed together. Local investigations have indicated that technology change towards low emissions vehicles has the potential to be most impactful in the near-term in respect to achieving emissions reduction. Transport targets to support these focus areas are committed to by the Government, of which the most important for Tier 1 regions (such as the western BOP) is "reduce total kilometres travelled by the light fleet by 20% by 2035 through improved urban form and providing better travel options, particularly in our largest cities". For the western BOP the agreed target is 21% reduction in vehicle kilometres travelled (VKT).

Whilst the TSP refresh program is estimated to achieve a bus and cycle mode share of approximately 15% within Tauranga's urban area (improvement from approximately 8% at present), this is still unlikely to be sufficient to achieve the VKT reduction targets. Waka Kotahi's VKT Reduction Plan will determine what needs to be done in the western BOP to achieve the targets and a greater understanding of the funding requirements of interventions.

Discussions are continuing regarding the potential for rapid rail between Hamilton and Auckland and more broadly about the future of inter-regional passenger rail in New Zealand. Parliament's Transport and Infrastructure Select Committee inquiry into the future of inter-regional passenger rail recommended the government launch scoping studies into four rail services, including a rail service from Auckland to Tauranga. The report acknowledges that the rail network would need substantial upgrading before it could reasonably support passenger rail.

# 8.8 Resilience

Council has identified potential hazard prone assets throughout the city and 315 potential mitigation projects have been scoped and costed. In addition to this project, resilience is incorporated into the ongoing operation of the transport network in the following ways:

- regular inspections of our critical assets including bridges, embankments and retaining walls
- routine maintenance of drainage assets.

A high priority is to ensure the resilience of bridges in our city which we rely on to connect our peninsulas and provide a lifeline in an emergency. This is timely as Cyclone Gabrielle in Hawke's Bay/Tairawhiti highlighted the vulnerability of bridges and although the cause of vulnerabilities in Tauranga will be different (i.e. earthquakes and harbour inundation rather than the impact from forestry slash), the lessons learnt from other regions are transferable. Key relevant projects are the planning and design of four bridges (Chapel Street, Turret Road, Waihi Road, Matua) with construction commencing in the later years of the LTP plan.

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As set out in the Climate Change Action and Investment Plan (2023) we will also incorporate climate risk considerations into road asset management planning (i.e. the use of materials that withstand heat stress, drainage, establishment of long-life concrete roundabouts).

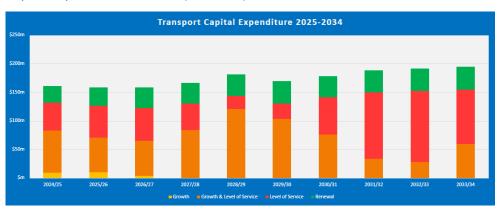
# 8.9 Indicative forecasts of capital and operating expenditure

The following graphs illustrate the indicative forecasts of capital and operational expenditure for the next 30 years, adjusted for inflation.

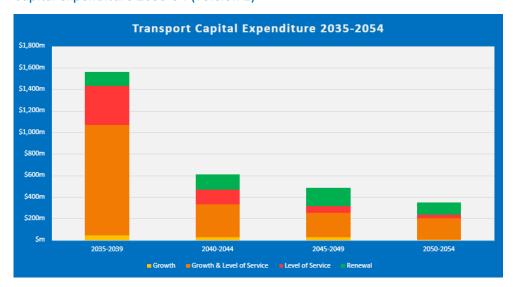
There are two versions of the capital expenditure graphs included in this section.

- Version 1: separates projects which have a varied mix of funding sources into a separate category, which is called 'growth and level of service'.
- Version 2: separates out those growth projects which are 50% or more funded by development contributions under the category 'growth'. Those projects titled 'level of service' may still have a development contribution component but it will be less than 50%.

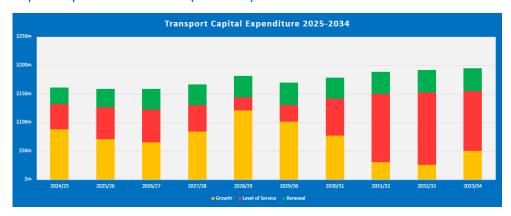
# Capital expenditure 2025-34 (version 1)



# Capital expenditure 2035-54 (version 1)

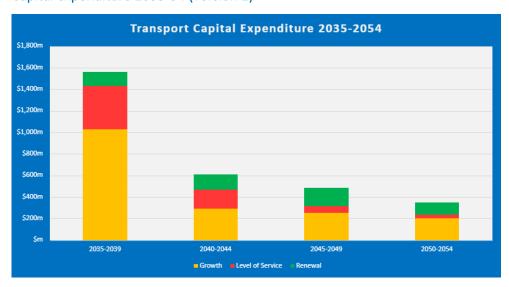


# Capital expenditure 2025-34 (version 2)



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# Capital expenditure 2035-54 (version 2)



# Operational expenditure

Graphs to come

# 9 Social and civic infrastructure

Social and civic infrastructure includes parks and reserves, libraries, pools, community centres, indoor sports centres, and halls. They are places for us to connect, to learn, to play and stay healthy. They contribute to the development of successful, accessible centres. They provide safe and inclusive spaces that allow cultural expression and provide opportunities for people of all ages and backgrounds to be inspired and to thrive. They are integral to our future planning, and our ability to achieve good place-based outcomes for all of our communities across the city.

In the context of enabling the community outcome of a well-planned city - Tauranga Tātai Whenua, Council has adopted the Our Public Places Strategic Plan and a set of Action and Investment Plans that set out priority investments in open spaces and community facilities that:

- provide a mature and comprehensive ecological network that supports our resilience to climate change
- tell our stories of the past, present, and future, acknowledging our history and the diversity of our current and future communities
- are enjoyed by people of all ages, backgrounds, and abilities, whether it's for organised or informal recreation
- are easy to get to, places people can connect, feel safe and enable activities that bring the community together.

Council protects and enhances the natural areas and landscapes within the city, promoting awareness and understanding of nature and encouraging activity on Tauranga's excellent parks and open space network. This includes our playgrounds, trees and gardens, the boundaries of streams and the harbour, cycleways, walkways and our beautiful beaches.

Bay Venues Limited (BVL) is a Council Controlled Organisation (CCO) that's owns and/or manages twenty-four facilities comprising five aquatic facilities, a Stadium and ancillary buildings at Mercury Baypark Stadium and Arena, one large contemporary multi-purpose recreation and event centre, two indoor sports recreation facilities, three community centres, two community share facilities, eight community halls and a high-performance sports training centre. BVL offers a broad range of leisure and event products, services and programmes.

Priority social and civic infrastructure projects include Te Manawataki o Te Papa, a redeveloped Aquatics and Recreation Facility at Memorial Park, a programme of upgrades across our Active Reserves network, development of new community centres in the Te Papa Peninsula, improvements to our local reserves and opens spaces to meet a broader set of community outcomes, along with land acquisition to enable provision of new facilities in the Western and Eastern Corridors in the 2030s.

The new civic precinct, Te Manawataki o Te Papa (the heartbeat of Te Papa), addresses underinvestment in social and civic infrastructure in our city centre. The new library and community hub, civic whare (public meeting house), exhibition gallery and museum will deliver much needed facilities over the next five years to our existing communities. The programme of work also includes upgrades to Baycourt and Tauranga Art Gallery, along with the landscaping of public spaces in the area. This project will create opportunities for the community to engage with our heritage collection and the cultural narratives of Tauranga in new ways, and with a greater ease of access than before.

Over the next few years, we plan to complete delivery of the Tauranga Moana Waterfront Plan, including Dive Crescent car park, Beacon Wharf, The Strand car park and playground upgrade. Design

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and construction of the Memorial Park pathway, and the design and construction of Memorial Park's new aquatic facility, indoor courts, and other works from the masterplan will also be delivered.

After embarking upon a programme of work with our partners (Western Bay of Plenty economic development agency Priority One) that considered multiple opportunities for community sport, recreation, and events across Tauranga, we have assessed the need for a fit-for-purpose stadium at Tauranga Domain. The LTP contains a capital expenditure budget of \$81 million towards a stadium at Tauranga Domain that would accommodate community, clubs, local cultural events, festivals, professional sports, and commercial concerts.

The first stage of the stadium is scheduled to be constructed between 2029/30 and 2031/32, with further stages falling outside of the LTP period (i.e. from 2023/35 onwards). Of the \$81 million currently budgeted for in the LTP, it is anticipated that \$46 million would be from rates-funded loans and \$35 million would be from other sources. The primary future focus for the community stadium would be an events precinct with a secondary focus on community sports and high-performance sport. A new community stadium will bring many social and economic benefits to our existing and growing communities.

# 9.1 Key projects/programmes

Some of the key social and civic infrastructure projects spanning the next 30 years are outlined in the table below.

	2025-34 (\$)	2035-44 (\$)	2045-54 (\$)	Total (\$)
Parks Renewals	61,629,334	94,856,116	112,304,800	268,790,250
Eastern Corridor - Te Tumu	24,405,000	203,428,165	-	227,833,165
Te Manawataki o Te Papa	227,218,509	-	-	227,218,509
Memorial Park Aquatics & Recreation Hub	119,999,995	-	-	119,999,995
Active Reserve Development	109,137,481	9,007,540	-	118,145,020
Western Corridor - Social Infrastructure	52,955,170	54,372,876	-	107,328,046
City Centre Development	72,050,822	24,611,534	-	96,662,356
Parks LOS Capital Development	64,721,957	12,334,852	8,606,036	85,662,845
Community Stadium - Tauranga Domain	81,007,500	-	-	81,007,500
Te Papa Intensification	23,429,834	48,495,193	-	71,925,027
TOTAL	836,555,602	447,106,276	120,910,836	1,404,572,714

# 9.2 Social and civic infrastructure assets

Asset Group	Quantity (at July 2023)		
Beachside Holiday Park operational buildings	31		
Community and Arts Centre (Baycourt)	1		
Community facilities	73		

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Grandstand (Domain)	1
Libraries	3
Mobile Library	Visits over 40 locations every fortnight
Utility/storage buildings	33
Commercial and residential properties	65
Parks land provision	1,769ha
Street trees	25,083
Planted beds	326,648 m2
Playgrounds	120
Walkways	116km
Cemetery, crematorium and operational buildings	6
Public toilet provision	96 facilities

Assets owned/managed by Bay Venues Limited are presented below.

Asset Group	Quantity (at July 2023)
Aquatic facilities	5
Community Halls and Centres	7
Indoor Sports facilities	2
Mercury Baypark Stadium and Arena	1
University of Waikato Adams Centre for High Performance	1

#### 9.3 Critical assets

As noted in the relevant asset management plans for our social and civic infrastructure, these assets are not considered critical when considering lifeline utilities but may play an important role in a civil emergency event, for example, the use of community halls and centres for emergency housing.

# 9.4 Renewals and replacements

We have a renewals and replacements programme to ensure that the assets in our park and reserves meet the expectations of our community e.g. playgrounds, seating, walkways and cycleways. The forecast renewals budget for the total 30-year period of this Strategy is \$406 million.

Over a number of years financial constraints have led to deferred investments in new facilities, particularly the redevelopment of facilities in the Te Papa peninsula, which has become both a key growth area and an area where successful redevelopment and accessibility is integral to the long-term functioning of the city's transport network and network of centres. It is recognised that significant further deferral risks facilities failing and would undermine the objectives of the Te Papa Spatial Plan and Urban Form and Transport Initiative. As discussed above there are a number of new projects intended to renew or replace some of our social infrastructure assets, such as the new library that forms an integral part of Te Manawataki o Te Papa in the city centre. These projects will both address underinvestment in social and civic infrastructure providing much needed facilities for both our existing and growing communities.

# 9.5 Responding to growth in the demand for services

The Community Facilities Investment Plan (CFIP) has been developed to provide the basis for decisions on community facility investment priorities, the staging of those investments and as the basis for long-term planning in the context of growth and demographic change. It is informed by demand

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assessments, catchment and network analysis, feasibility studies and updated cost estimates. The CFIP does not include the passive reserves which are required to implement the Tauranga Reserves Management Plan.

Where facilities are well-placed, well-designed and in decent condition they are very popular. Some of our older facilities are nearing the end of their useful lives and are not fit-for-purpose to meet the growing and changing demands of our population. Examples of such projects include the Memorial Pools and the recently demolished central library. Previous and projected rates of population growth are such that even our more recent major facilities such as the Mercury Baypark Stadium and Arena and Baywave are under demand pressure. Baywave was built in 2006 when our population was 107,000; it is now estimated to be over 151,000.

Tauriko West and Te Tumu are the two large-scale urban developments in the Western and Eastern Corridors proposed to support our region's growth, delivering two new communities with new housing and open spaces, and facilities and amenities needed for a well-connected community. Current delays in these growth areas eases the investment pressure for new facilities, however, purchases of land remain important to ensure we can provide those facilities in due course and at the lowest price. To ensure we create thriving, safe, resilient and connected communities that are well-serviced by amenities in the new growth areas, we continue to plan and engage with key stakeholders, progress structure plans and carry out relevant technical investigations.

New growth areas will continue to provide new parks for the local community and an ongoing programme of maintenance and development will ensure that parks within existing urban areas continue to be high quality, accessible, safe, and engaging places for our community.

The forecast growth budget for the total 30-year period of this Strategy is \$372 million.

We also work with Sport New Zealand, regional sports organisations, and local clubs to monitor trends and understand what may happen with different sporting codes into the future. Investigations continue to determine the opportunities and suitability of co-locating sporting codes to make the most efficient and effective use of physical spaces.

# 9.6 Planned increases or decreases in levels of services

The Open Space Level of Service Policy and the Active Reserves Levels of Service Policy provide clear direction on Council's approach to the provision and management of the network. The levels of service are primarily driven by quality, accessibility, and function of open spaces relative to existing and future population needs, and in the case of active reserves, the demand for sportsfields by sporting codes.

Engagement with hapū and key stakeholders for the Tauriko West Urban Growth Area is underway regarding the structure plan, rezoning proposals, enabling road works and the realignment of State Highway 29. Formal city plan change notifications under the Resource Management Act 1991 are anticipated in late 2023, which may result in changes to the Open Spaces Level of Service Policy. There may also be changes to reflect the outcomes of similar discussions with hapū and key stakeholders in Te Tumu Urban Growth Area. Based on the decisions in the LTP there are likely to be increases in the levels of service over time, across a range of social infrastructure including libraries and pools.

The CFIP includes a work programme for development of new facilities (key steps, timing, and funding) and to review network demand and supply to inform future LTP planning and identify current gaps in

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level of service information for community facility provision. Arts and culture facilities are included to inform a discussion on options for Council's role and level of service in the provision of these facilities.

#### 9.7 Public health and environmental outcomes

The provision of quality, accessible and fun spaces contribute to the health and wellbeing of our communities. Tauranga's natural environment is highly valued by its residents and visitors, people love its landscape, access to the beach, mountains and bush, and view it as a beautiful place to live. Our communities have told us they want green space, trees, coastal reserves and natural landscapes protected.

We will continue to create positive environmental outcomes by providing walkway and cycleway networks across the city, encouraging the use of these rather than vehicles. We will continue to protect natural spaces and processes through planting and maintaining our green infrastructure. This has positive biodiversity outcomes and wider environmental and health benefits.

#### 9.8 Resilience

As outlined above Council has identified potential hazard prone assets throughout the city and 315 potential mitigation projects have been scoped and costed. In addition to this project, resilience is incorporated into the operation of our social infrastructure in the following ways:

- coastal structures in the inner harbour are condition assessed and maintained
- natural hazard assessments are carried out prior to capital projects commencing.

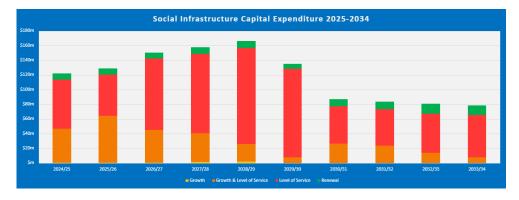
# 9.9 Indicative forecasts of capital and operating expenditure

The following graphs illustrate the indicative forecasts of capital and operational expenditure for the next 30 years, adjusted for inflation.

There are two versions of the capital expenditure graphs included in this section.

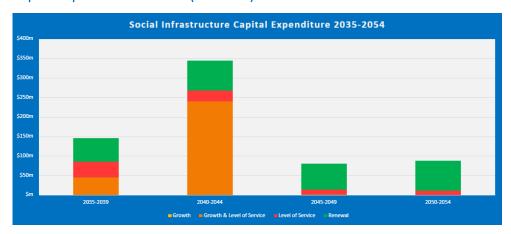
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# Capital expenditure 2025-34 (version 1)

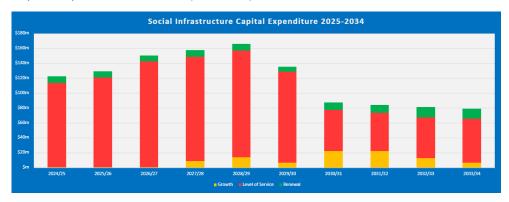


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# Capital expenditure 2035-54 (version 1)

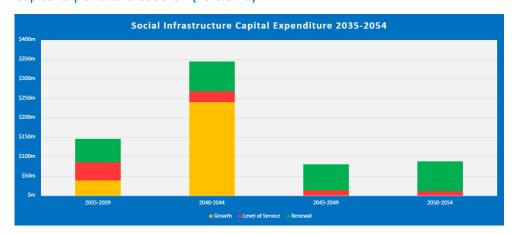


# Capital expenditure 2025-34 (version 2)



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# Capital expenditure 2035-54 (version 2)



# Operational expenditure

Graphs to come

# 10 Assumptions

#### Significant forecasting assumptions

There is a suite of significant assumptions that underpin the Long-term Plan. These assumptions are one of the foundations of the Infrastructure Strategy. Assumptions regarding growth, levels of service, the useful lives of assets and the depreciation method are also included in the significant forecasting assumptions.

#### Assumptions on the renewal of assets

Assets are renewed when they fail to meet the required level of service. The monitoring of asset condition, reliability, capacity and efficiency during planned maintenance inspections and operational activity identifies non-performing assets. Indicators of non-performing assets include structural failure, repeated asset failure (breaks, faults), ineffective and/or uneconomic operation and unsafe conditions for the public.

Council takes into account when it is no longer economic to continue repairing the asset (i.e. the annual cost of repairs exceeds the annualised cost of its renewal).

An economic consideration is the co-ordination of renewal works with other planned works such as road reconstruction. Council actively utilises new technologies, which reduce the direct and social costs of repair works. This may also occur when an asset becomes obsolete due to changes in technology.

The risk of failure and associated environmental, public health, financial or social impact justifies proactive action (e.g. probable extent of property damage, health and safety risk). Where such assets are identified (critical assets), proactive inspection is undertaken to determine asset condition at a frequency appropriate to the risk and rate of asset decay.

The level of uncertainty with these assumptions is high with assets that are underground or that cannot be visually inspected, or condition assessed. Above ground assets are inspected for deterioration, structural issues and poor condition. The uncertainty with such assets are less that with underground assets or inherent structural deficiencies. The impact of failure of these assets can be significant, especially where extreme and high criticality assets fail, impacting a large portion of the population or some critical customers. Specific comments are set out below.

#### **WATER SUPPLY**

#### **Collection Assets**

There are some significant renewals and upgrades for raw water assets planned in the next few years. These are extremely critical assets and the assumptions associated with their upgrade have a high level of uncertainty due to pipes being underground, with resilience issues identified in some areas. The location of the pipes is in a rural area next to the road and therefore accessibility is easier than it would be in a highly developed urban area, although traffic management will be required in some areas. The impact, if a renewal of these pipes is unsuccessful, will be significant as some of them are a single supply to the water treatment plants and the linked community downstream.

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The impact of climate change and natural hazards (e.g. slips) will play a major role in the renewal of assets as far as the design of the assets is concerned. Future designs will have to provide for extreme rainfall events or drought conditions that will impact the water supply catchments.

The renewal of other intake and collection assets will be less uncertain, with a lower impact, due to a redundancy in assets e.g. water pumps and motors.

#### **Treatment Assets**

Significant technology and capacity upgrades (replacement of membrane filter systems and technology at the Joyce Road Treatment Plant) will occur in the next few years. The uncertainty with these projects is medium. Although new technology will be implemented, the systems are proven and operational at other treatment plants. There are less hidden and unknown uncertainties due to the assets being visible and above ground. The impact will be high, and a significant portion of consumers will be impacted if supply to them is disrupted. There are redundancy options with both plants being able to provide water to the storage reservoirs in both supply areas. The Waiāri Water Supply Scheme is in production and will be able to provide redundancy for treatment capacity

#### Storage, Pumping and Management Assets

The uncertainty of performing the various renewal and upgrade projects for this asset group (pump stations and control valves) is medium as most of them are above ground and in reasonably accessible areas. The impact of failure will be more localised but may impact a larger area for some booster pump stations. Due to the structural aspect for storage reservoirs and some of the locations and ground conditions they are located in, the uncertainty will be elevated (high). The impact of these assets, when they are out of service can be significant, as they may service large populations and commercial areas. The uncertainty will be mitigated by the engineering studies and structural inspections performed to monitor and manage their condition and performance. Risks at the reservoirs are mitigated by a structured programme of ongoing reservoir renewals and seismic upgrades.

#### **Distribution Assets**

There are a large number of projects planned for distribution or network assets in the next thirty years. The replacement of the Asbestos Cement (AC) pipes in the water supply network will be increased in the next few years as these pipes are reaching the end of their expected useful life. Due to the underground nature of the pipe assets and the challenge to determine their condition effectively there is a high level of uncertainty with the performance of these assets. The ground conditions, location in commercial and industrial areas and the uncertainty about other utilities e.g. gas pipes, power cables, broadband fibre cables contribute to an increased level of uncertainty with these projects. Where these assets are located in these challenging locations the impacts of project failure is high due to significant populations or commercial and industrial activity being disrupted. The size of the assets will also play a large role in the downstream effects if the asset becomes unserviceable. The assets e.g. trunk mains and extreme and high critical mains are a case in point. Smaller diameter mains mainly service a smaller area with a more localised impact. Valves, hydrants and service lines are normally renewed as part of the mains pipe.

Due to the location of some of these pipes close to or in the road corridor the renewals costs may be adversely impacted by expensive traffic management and health and safety risks, which may result in a significant increase in renewals expenditure. These risks have been mitigated by increased renewals

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unit rates and the application of the cost estimate methodology during the budgeting and forecasting process.

The uncertainty with other above ground assets are less e.g. hydrants, water meters and backflow protection devices. There are also preventative maintenance programmes and more effective condition assessment strategies in place to monitor the condition and performance of these assets. The impact when a backflow device fail may be significant if the water supply for an area is contaminated.

#### **WASTEWATER**

#### **Conveyance Assets**

Due to the underground nature of the wastewater conveyance pipe assets and the challenge to effectively assess their condition in some instances, there is a high level of uncertainty with the execution of the renewal projects. The ground conditions, location in commercial and industrial areas and the uncertainty about other utilities e.g. gas pipes, power cables, broadband fibre cables contribute to an increased level of uncertainty with these projects. Added operational issues like toxic effluent, H2S gas and the depth of some assets contribute to the complexity and uncertainty to perform renewal projects effectively. CCTV condition assessment are performed on targeted areas and assets to identify possible renewal candidates, prior to failure.

The replacement of the AC pipes in the water supply network will be increased in the next few years as these pipes are reaching the end of their expected useful life.

Where these assets are located in these challenging locations, the impacts of project failure is high due to the disruption of a significant number of customers or commercial and industrial activities. The size of the assets and their criticality will also play a large role in the downstream impacts if the asset becomes unserviceable e.g. trunk mains and pipes in proximity to hospitals, fire stations, schools etc. Smaller diameter mains mainly service a smaller area with a more localised impact.

Due to the location of some of these pipes close to or in the road corridor the renewals costs may be adversely impacted by expensive traffic management and health and safety risks, which may result in a significant increase in renewals expenditure. These risks have been mitigated by increased renewals unit rates and the application of the cost estimate methodology during the budgeting and forecasting process.

#### Storage, Pumping and Management Assets

In this asset group there is a mixture of underground assets e.g. storage tanks, rising mains etc. and above ground assets e.g. pump stations, odour beds etc. With the underground assets there is a high level of uncertainty based on the unknowns e.g. asset condition, ground condition, proximity of other unknown utilities, the toxicity of sewage, H2S gas etc. The impacts of failure of these assets are medium to high depending on the criticality, the magnitude of population and businesses impacted by such a failure.

The uncertainty with pumps stations and other above ground assets is less, because of effective condition and performance management programmes. These assets are mostly located in areas where the work can progress without too much disruption. The impacts for failure are medium to high. Some critical pump stations are key to the network operation and if they are out of action, large numbers of

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residential, commercial and industrial customers will be impacted. Redundancy is built into the assets and network to mitigate and minimise these catastrophic interruptions.

# **Treatment and Outfall Disposal Assets**

Uncertainty with the above ground treatment assets is of a low level. The performance and condition of these assets are regularly monitored and managed. Redundancy is built into the system to ensure that critical processes will not be easily disrupted. Tauranga has two treatment plants so the interruption of operations will have a high impact on the large customer base of each of the plants. The implementation of the Southern Pipeline ensured that some redundancy was built into the system and that flows could be directed to the plant most suited for the treatment of the effluent.

There is a lack of treatment capacity forecasted for the foreseeable future and therefore there are significant upgrades and new infrastructure being constructed at the Te Maunga Treatment Plant in the next ten years. Construction risks will be managed by the risk management plans and communication with the iwi groups impacted in that area.

The ocean outfall is an underground asset and the uncertainties connected with these assets is relevant to this pipe line too. The uncertainty is somewhat simplified with the outfall being dedicated to the transport of treated water. The environmental risks linked to the operation and renewal of this pipe elevate the level of uncertainty to another level. The landward section was recently upgraded and relined and the ocean section is currently being upgraded. Once this work is completed the risks around the operation of the ocean outfall will be minimised.

#### **STORMWATER**

#### **Conveyance Assets**

The conveyance pipe network and assets are mostly underground assets. The network is fairly young but there are capacity issues in the network that result in ponding or flooding during storm events. The challenge is to effectively assess the condition of these pipes and assets. The level of uncertainty with the performance of the renewal projects for most areas are low to medium due to the age of the network and the knowledge of where problem areas are located (flood modelling). The ground conditions, location in commercial and industrial areas and the uncertainty about other utilities e.g. gas pipes, power cables, broadband fibre cables contribute to an increased level of uncertainty with these projects in these identified areas. CCTV condition assessments are performed on targeted areas and assets to identify possible problem assets, prior to failure. The impact if these assets fail or renewal projects are unsuccessful can be high if properties are flooded or damaged by ponding of stormwater.

The uncertainty with pumps stations and other above ground assets is less, because of effective condition and performance management programmes. These assets are mostly located in areas where the work can progress without too much disruption. The impacts for failure is medium to high. Some critical pump stations are key to the network operation and if they are out of action, large numbers of residential, commercial and industrial customers will be impacted. Redundancy is built into the assets and network to mitigate and minimise these catastrophic interruptions.

#### Flood Protection and Treatment Assets

There are gaps in the information kept on flood protection and treatment assets and therefore the uncertainty about the renewals of these assets are medium to high. These assets are normally not

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renewed, and some are periodically maintained e.g. open drains, stop banks, flow paths etc. to ensure they still provide the service level they were constructed for. The impact in case of failure may be high as property may be flooded or damaged.

Renewal expenditure is work that restores an existing asset to its original level of service, i.e. capacity or the required condition. These broadly fit into the following work categories as follows:

- Rehabilitation involves the repair of an existing asset, or asset component. Rehabilitation does
  not provide for a planned increase in the operating capacity or design loading. It is intended to
  enable the assets to continue to be operated to meet the current levels of service.
- Replacement may be like for like with regards to capacity but will always consider the asset capacity to determine if upsizing is needed.
- Renewal strategies provide for the progressive replacement or rehabilitation of individual assets that have reached the end of their useful life.
- This is managed at a rate that maintains the standard and value of the assets as a whole. This
  programme must be maintained at adequate levels to maintain current levels of service and
  the overall quality of assets.

Information specific to each asset area is outlined below.

#### WATER

#### Collection assets

The renewal strategy for Water Supply Collection Assets (water intakes, raw water mains, pump stations and raw water reservoir) is based on performance, maintenance, and breakdown records, as well as in situ inspections, and in some cases, the review of original designs and testing of materials. The actual renewal decisions are based on this information. The remaining life is calculated in Powerplan based on expected life of the individual assets, condition information and failure data.

#### **Treatment assets**

The renewal strategy for Water Supply Treatment Assets (water treatment plant, treated water reservoirs etc.) is based on performance, maintenance, and breakdown records, as well as inspections, and in some cases the review of original designs as well as testing of materials.

# **Water Treatment Plants**

Renewals are undertaken as a result of performance record analysis, excessive maintenance requirements or defects discovered during preventative or reactive maintenance.

The heart of our water processing plant is the Continuous Micro Filtration (CMF) units. There are more than 2100 filter units in the three plants. These high value items have a life expectancy of 5 to 7 years on the Joyce Road Water Treatment Plant, and 10 to 12 years on the Oropi Water Treatment Plant and Waiāri Water Treatment Plant depending on water quality and installation location.

Routine evaluation on the performance and condition on the plants is undertaken in the first instance by Council staff and secondly by a contractor providing a technical support service. These interventions assist in keeping the plants in optimal condition.

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The timing of the membrane change out during the course of the renewal year is based on the results of the annual plant performance tests and also considers any operational constraints (e.g. scheduled maintenance, seasonal demands, etc.), and this assists with planning the timing of the renewal. The decision criteria are set to minimise renewal costs (by delaying the change out) while minimising the risk of imposing water restrictions on peak days because of operational constraints.

A key challenge that is being worked through is the unexpected cracking of the membrane plants head and manifold blocks. Council staff monitor the units for leaks and for key operational parameters to ensure that the treatment integrity is not compromised.

Joyce Road Water Treatment Plant still faces the challenge of a reduced expected life of the headblocks and manifolds – parts that surround and hold the membranes. The original 25 years has been reduced to 15 for the Nylon 6,6 material type. Oropi Water Treatment Plant has been upgraded to the new technology.

#### **Treated Water Reservoirs**

The treated water reservoirs are part of a routine inspection programme under which all Council Water reservoirs are either inspected and cleaned underwater or drained and taken out of service for inspection and cleaning on a rotation schedule to identify physical condition by a Structural Engineer specialising in such structures.

The regime of reservoir inspections has identified renewal work at a number of these structures. Although full replacement of certain reservoir structures is many years away, the need to renew components that restore full serviceability of these assets (such as replacement of column heads, floor jointing, etc.) has been identified during inspections. The Mount Reservoir is scheduled for replacement.

# Storage, pumping and management assets

The storage, pumping and management assets include storage reservoirs, pump stations, control valves e.g. pressure release valves, air valves, non-return valves etc.

The renewal strategy for storage reservoirs is based on regular in situ condition inspections performed by a structural engineer. Full replacement of certain reservoir structures and assets may be many years away, but the need to renew components (e.g. column heads, floor jointing, etc.) that restore full serviceability of these assets are identified during these inspections.

The renewal strategy for water stations (that contain the pumping and network management assets e.g. control valves) is based on regular condition inspections as well as performance, maintenance, and breakdown records. Repairs and renewals are identified during these investigations.

#### **Distribution assets**

The overall objective is to renew assets at the right point in time, maximising the economic return without compromising continuity of supply or resulting in LOS breaches. The following criteria are used to identify assets for renewal:

- Age and condition profile
- The level of on-going maintenance
- · The economic lives of the materials used
- The criticality of the asset

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• Activity, financial and customer risks.

Due to the magnitude of pressure on AC pipes in our network that are reaching the end of their expected useful life, our renewals programme expenditure will be increased for the next ten to fifteen years.

#### PowerPlan Renewal Planning Modelling Process

The renewal process for water supply distribution assets including mains, valves, hydrants and service lines are performed utilising the PowerPlan modelling software. The major phases of the process are:

- Identify the risks Identify and assess the risks that impact on the deterioration of mains pipes.
   The various issues, e.g. age, material or pipe type issues, soil conditions, installation issues, etc., are taken into consideration when risks are identified and assessed. Issues considered during this process include health and safety issues with galvanised pipe, deterioration of older AC pipes, corrosive soil types, etc. Failure modes are identified through analysis of the failure data and maintenance history.
- Calculate the remaining life Determine the remaining life by analysing the temporary and
  permanent factors impacting on the useful life of the assets. Assess the impact of any condition
  data on the useful life of the assets.
- Schedule renewals events by using the PowerPlan modelling tool based on age, expected life
- and condition. Adjust the planning year due to unplanned circumstances, e.g. transportation programme, early failure, etc.
- Determine the priority of each renewal event identified in a renewal year by criteria such as material type, age, criticality, failure risk, failure history, condition, etc.
- Detailed investigation of the mains pipes on the priority list. Investigate each main pipe individually in terms of condition, failure, performance, and viability for renewal. Develop a project list of mains to be replaced for the next three years.

#### **Valves and Hydrants**

Renewal strategies for valves and hydrants are treated as integral components of the pipe assets, i.e. they are renewed at the same time. The valves, hydrants and service line assets have been linked to the respective mains they are connected to in PowerPlan and therefore incorporated into the renewal unit rates. Defective valves and hydrants are repaired or replaced under reactive maintenance on an as-required basis.

#### **Water Meters**

The approach for a domestic water meter renewal strategy is based on proactive (model) and reactive processes. The proactive process for manifold meters considers a combination of economic age and throughput criteria, where replacement is indicated by the model when the theoretical point (where the revenue lost exceeds the cost of renewal) is identified for various meter cohorts.

Non-manifold and larger water meters in Council's fleet are annually reviewed, where renewals prioritisation is established using a two phased approach. The first phase is based on throughput analysis, age and meter type (suitability e.g. Automatic Meter Reading (AMR) requirements). The second phase further narrows down the priority 1 meters requiring renewal by assessment and weighting of number of times total throughput threshold has been exceeded, meter type, meter over 20 years of age and service line association.

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The reactive strategy targets individual water meters that are damaged or that malfunction and are identified as part of the meter reading process. Smaller manifold meters are replaced under reactive maintenance; larger meters are repaired, refurbished, and recalibrated or replaced.

#### **Backflow Prevention Devices**

Dual check valves within non-testable backflow devices are replaced under the water meter replacement programme for the water meter they are associated with. The bulk of non-testable backflows are 20mm in size and the expected life is 15 years.

Testable backflow devices are tested annually, and maintenance carried out as a result of failed tests. The faulty components are replaced as a maintenance expenditure. A rehabilitation programme was implemented to ensure that testable backflows are rehabilitated when required by supplier standards, in order to maintain effective operation and mitigation of contamination risks.

Replacement would occur where the device reaches an age of 30 years. Most of the testable backflows are approximately 20 years old.

#### **WASTEWATER**

#### Conveyance assets

Council uses a number of indicators to monitor pipe asset performance, condition and renewal needs, these can be split into proactive and reactive indicators.

#### Proactive:

- Targeted CCTV surveys for identification of gravity mains for renewal based on poor condition and risk of failure
- Routine CCTV surveys
- Database (Infor and PowerPlan) interrogation resulting in identification and investigation of assets based on asset attributes such as age, environment, type of use, criticality, etc.
- Database (Infor and PowerPlan) interrogation based on historical work orders and CCTV records resulting in investigation of assets with excessive maintenance requirements or poor CCTV rating.
- Investigation of Inflow & Infiltration through changes in pump station run hours during rain
  events, identification of materials / asset types that are prone to inflow problems and further
  investigation of these.

#### Reactive:

- Investigation of breaks, blockages and overflows, once root cause is established, investigation of similar assets to identify whether problems are one-off or symptomatic.
- Dynamic model also used to monitor present and future performance of pipe and pump station assets.

#### **PowerPlan Renewals Modelling Process**

The renewal process for Wastewater conveyance assets including mains, manholes and service lines are managed using PowerPlan modelling software. The major phases of the process are:

Identify the risks – Identify and assess the factors that impact on the deterioration of assets.
 The various issues, e.g. age, material or pipe type issues, soil conditions, installation issues, etc.

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are taken into consideration when factors are identified and assessed. Issues considered during this process include deterioration of concrete and AC mains pipes due to gas (H2S) attack, the age and condition issues of GEW pipes, expected life issues of mPVC pressure mains etc. Failure modes are identified through analysis of the failure data and maintenance history.

- Calculate the remaining life Determine the remaining life by analysing the temporary and
  permanent factors impacting on the useful life of the assets. Temporary factors are issues
  related to the installation of a number of pipes or issues with the performance of a specific
  material type. Permanent factors are typically the location of a specific soil condition e.g. peat
  or sandy soils, receiving gravity mains from rising mains, corrosive industrial areas,
  groundwater impact etc. The impact of any condition data will have priority in the calculation
  on the expected useful life of the assets.
- Schedule renewals events by using the prioritisation functionality in PowerPlan modelling
  software based on age, material type, failure data and condition. The CCTV condition
  assessments play a significant role in determining the expected useful life for wastewater
  mains. CCTV data from the ReticManager database is uploaded into PowerPlan to provide
  condition information for modelling purposes. Council are also using a customised scoring
  methodology for defects and observations identified with CCTV, to determine if gravity mains
  pipes are candidates for renewals or just patch repairs.
- Adjust the planning year due to unplanned circumstances, e.g. roading programme, early failure, etc.
- Detailed investigation of the mains pipes on the priority list. Investigate each main pipe individually in terms of condition, failure, performance and viability for renewal. Develop a project list of mains to be replaced for the next three years.
- Determine the optimum construction or renewal methodology to be followed for each main to be replaced, e.g. open cut renewal or utilising any of the trenchless technologies, etc.

#### **Pump Stations**

#### Routine Inspections and investigation

A renewals strategy was developed in Powerplan using pump running hours and average running costs as indicators to prioritise pumps and pump stations for renewals investigations. Condition inspections and investigations play a major role in this decision process.

Annual inspections and investigations are undertaken on all pump stations. Major pump station components such as pumps are occasionally identified for replacement as a result of these inspections. However, this programme is primarily maintenance focused and mechanical and electrical components tend to be renewed in small steps as small components are replaced under maintenance. That is, they are constantly renewed under maintenance rather than occasional replacement of major components. The asset condition records from these inspections are also used to determine future planned maintenance and renewal work. Consultant investigation contribute to the renewals decisions.

#### Obsolescence

Occasionally, changes in technology or in the market- place result in components which have served adequately in the past being no longer suitable or available. This is evident in the telemetry system (which includes radios and controllers) used to monitor and control each pump station.

One of the current suppliers of the telemetry radios stopped producing the units, so an alternative system was selected. Presently, stations are being progressively updated to this new system and the

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removed units provide spares for stations using the obsolete radios. Obsolescence of any of these components requires re- engineering to the Council's standard design.

#### **Long Term Renewals**

A forward looking programme is followed for long term pump station renewals. The strategic wastewater model is used to inform the LTP for renewals and upgrades of pump stations. A programme for identification and replacement of critical assets was developed. Dual rising mains on some critical pump stations was implemented. A storage assessment related to growth is currently underway.

#### **Treatment Plants**

The renewal programme for the wastewater treatment plants is a three-year rolling programme based on routine inspections of plant and equipment. The renewals are also managed via the Powerplan renewals modelling software. It is proposed to move more towards predictive renewal programming of major plant and equipment based on refined diagnostic techniques over the next number of years.

Some plant assets are simply run until failure, their performance isn't necessarily impeded and in fact replacing would possibly require some shutting down of sections of the plant that are required to run 24/7. Therefore, for less crucial assets, replacement does not occur until failure and built in redundancy is relied on. At this point, the failed asset is repaired or replaced. This ensures the economic life of the asset is maximised, value for money and least disruption to the process.

The more critical assets are generally not run to failure with additional condition-based monitoring being undertaken - vibration monitoring, visual inspection, monitoring of insulation resistance in windings, online temperature monitoring and leak detection for seal failure. These assets again are used to maximise the economic life, but replacement is planned prior to failure.

#### **STORMWATER**

#### Conveyance assets

While renewals and capital works have separate drivers, many projects are a combination of both. As a result of growth and the progression of best practice, levels of service and environmental protection, assets are frequently upgraded, rather than just replaced when they reach the end of their physical life or demand exceeds capacity.

As described earlier in this section, the conveyance network (mains, manholes, service lines etc.) is a relatively young asset (average age of approximately 24 years), with the oldest pipes just halfway through their expected lives. On the basis of the current age and condition profiles of the stormwater assets it is unlikely that any significant renewal programmes will be required over the next ten to twenty years. CCTV condition inspections are conducted where required and assets are replaced where the condition is poor, and the required levels of service can't be delivered.

Climate change is forecast to have a significant impact on the capacity of the stormwater network and conveyance assets. Resilience budgets and budgets to address capacity issues are provided in the next 30 years to address these capacity issues.

Flood modelling has been performed for all catchment areas in Tauranga city and renewal works has been targeted for areas where the levels of service cannot be delivered, or capacity have to be increased.

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#### Flood protection and treatment

Most of the stormwater control, treatment and attenuation assets are naturally occurring or engineered land features (such as wetland areas), earthworks (e.g. ponds) or non-asset solutions (e.g., secondary overland flow paths).

Works required on assets of this nature are therefore managed as either maintenance works or, should improvements be undertaken, capital works.

A renewals budget has been included in the LTP for stormwater treatments assets e.g. treatment devices e.g. rain gardens, storm filters etc. and other applicable treatment assets e.g. soakage modules and systems.

#### **TRANSPORT**

The operations of Tauranga's transportation network are managed by Council, whereas the maintenance of our transportation network is undertaken by Council's maintenance contractor.

Significant renewal programmes of work are described in methodology statements for each asset type typically a methodology will include:

- Data collection and preparation All Faults data may be sourced and RAMM condition rating, data surveys etc.
- Data analysis and scenario modelling modelling (e.g. dTIMS) is used to optimize total investment levels, comparing a range of renewal versus maintenance cost scenarios to find the lowest total cost option.
- · Field validation and model alignment
- Outcome verification
- Final programme formulation

As the transport asset is used over the years, its condition and performance is monitored to ensure that the asset is replaced at the most cost-effective time. To help in this assessment the Council:

- Uses asset age information to identify assets for more detailed assessment
- Monitors the performance of assets to help identify where there might be issues
- Undertakes physical inspection and technical condition testing assets
- Use customer complaints to identify asset failures
- Uses the Bay of Plenty Regional Traffic Model to predict future traffic demand, levels of service and asset improvement requirements
- Uses asset condition and performance information to develop maintenance and renewal programmes to ensure expenditure on assets is done at the most cost-effective time.

The Road Assessment and Maintenance Management (RAMM) database is used to hold and manage our transport network asset information.

As part of the Road Efficiency Groups (REG) annual Asset Management Data Quality Report (2021/22), Tauranga City Council scored 80. The asset data held in RAMM is in a good state and improving. There are robust processes in place to maintain our asset data, enabling us to easily identify and address data quality issues to continually improve our asset data.

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#### SOCIAL AND CIVIC AMENITY

Note that this only includes information on the assets that Council owns and manages. It does not include the assets owned and managed by Bay Venues Limited.

#### PARKS AND RESERVES

#### Operation and Maintenance Strategies

A new organisational team, Spaces and Places was created to develop and manage parks, reserves and property assets. They also provide maintenance oversight for assets such as street trees and gardens on behalf of Transportation. Spaces and Places operations and maintenance strategy is to provide access and facilitate enjoyment and safety in Tauranga's open spaces. Service provision of safe, fit for purpose assets is achieved using inhouse operations teams, as well as maintenance suppliers. The operational performance of staff and suppliers are quality assessed by Spaces and Places Operations, with support from council's Asset Information Team.

Public toilets are cleaned and maintained by contractors (TC21/13). which is managed by the Facilities Maintenance Team. The contract contains specifications for maintenance including type, frequency, reporting, etc. This contract comes up for renewal in 2024/2025 and it is likely this service will be brought in-house at this time, and delivered by the operations team.

Street lighting is unmetered, and the power company is updated monthly with regards to any changes in asset number and type. The power company then bill appropriately according to the lamp type, number of each type and time used. The power company measure time used as the power company turn the street lighting circuit on and off. Most of the street lighting has been upgraded to LED technology. Transportation maintain street lighting as part of their maintenance contract. This arrangement enables the most experienced and appropriate contractor to maintain the assets at a competitive contract price. A financial authority has been set up to allow the roading engineer access to the Parks and Recreation GL code for simplification of payment.

#### **Renewals and Capital Strategies**

Assets are acquired through vesting of new infrastructure or council funded to meet growth or renewal of existing assets. The Growth issues are addressed within the TCC 30 year infrastructure Plan. Parks assets are recorded within the asset management database (Accela). The asset information is stored as individual components detailing condition and expected remaining life. Assets are regularly condition assessed to establish current condition. The data base reports through Powerpland where asset information shows what needs to be renewed and an estimated replacement cost. Three yearly valuation exercise confirms the replacement cost. Once reviewed a completed list of renewals is developed.

#### OTHER SOCIAL INFRASTRUCTURE

The Lease & Property Team (as part of the Spaces and Places Strategic Planning & Partnerships Team) manages buildings and leases to maximise opportunities and delivering levels of service expected by the community at a cost affordable to the rate payers of Tauranga. The Facilities Maintenance Team (as part of the Spaces and Places Operations team) manages the maintenance, renewals of building and property assets for council activities such as:

Libraries

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- Animal Services
- Historic Village
- Civic Buildings
- Marine Facilities

Properties are acquired for strategic reasons that need to be managed and maintained in financially prudent ways until the strategic purpose asset manager makes use of the property.

#### We will do this by:

- Understanding each property asset, its purpose and the likely holding period
- Support Council Business units and community by providing property expertise in property management and maintenance
- Awareness of local property issues and opportunities and how council can support outcomes
- Knowledge of property and reserve legal requirements to ensure leases are fair and compliant
- Planning for resilience when undertaking maintenance and capital work
- Enabling change within growth areas of the city
- Appropriately recognise known cultural, heritage, archaeological and ecological values

#### Issues to be addressed include:

- Environmental matters, implications of climate change requiring resilience adaptations and growth
- Properties response to the identified problems is to consider environmental sustainability and resilience when undertaking maintenance, renewals and new capital works
- Growth will be addressed in conjunction with Strategic Development Team and managing existing leased buildings to current demand factoring in fractional occupation in the modern digital age.

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# 11 Data reliability

# WATER

Overall Confidence Data - Accuracy

Asset Type	Highly Reliable	Reliable	Uncertain	Very Uncertain
Raw Water Intakes including Pumps		X		
Raw Water Reservoirs		Х		
Raw Water Mains	Х			
Microfiltration Treatment Plants		х		
Treatment Plant Reservoirs		х		
Distribution pipes and associated assets (Pipes, Hydrants, Valves)	х			
Water Meters	Х			
Backflow Protection Devices	Х			
Distribution Reservoirs	Х			
Water Stations (Pumps, Auto Valves, etc.)		х		
Land occupied by WS assets		Х		
Catchment Land		Х		
Resource Consents	Х			

Asset Group	Grade	Comment
Collection Assets e.g. raw water intakes, pipelines and reservoir	A to B	Information about the raw water mains are highly reliable and accurate. Information about the intakes and raw water reservoir are reliable and has been improved the last few years
Pumping, Management and Storage assets e.g. water pump stations, reservoirs, automated valves, bulk meters	A to B	Location, material and quantity data is highly reliable with a high confidence in accuracy. Age, performance, condition, criticality data is reliable with a good level of accuracy.
Treatment Plant assets e.g. mechanical and electrical assets e.g. pumps, motors, membrane filters etc.	A to B	Information about the location, material and performance is highly reliable. Age, quantities and condition is reliable but can be improved e.g. criticality data and unit rate information
Distribution assets e.g. pipelines, water meters, backflow protection devices,	A to C	Information about age, material, quantity is highly reliable and very accurate. Location, performance and criticality information is reliable for decision making. The condition

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Asset Group	Grade	Comment
		data on some of these assets can be improved e.g. service lines and some mains pipes.

# WASTEWATER

Overall Confidence Data - Accuracy

Asset Type	Highly Reliable	Reliable	Uncertain	Very Uncertain
Pipes		Х		
Laterals		х		
Manholes		х		
Pump Stations		х		
Treatment Plants		х		
Oxidation Ponds			х	
Wetlands		х		
Outfalls			х	
Resource Consents	х			

Asset Group	Grade	Comment
Conveyance assets e.g. pipelines, manholes, service lines etc.	A to C	Information about age, material, quantity is highly reliable and very accurate for pipe assets. Location, performance and criticality information is reliable and used for decision making purposes. The condition data on some assets are uncertain and can be improved e.g. some mains pipes, manholes and some service lines
Storage, Pumping and Management assets, e.g. pump stations, chambers, storage tanks, bulk meters	A to B	Location, material and quantity data is highly reliable with a high confidence in accuracy. Age, performance, condition, criticality data is reliable with a good level of accuracy.
Treatment Plant and Outfall assets e.g. mechanical, electrical and outfall assets like pumps, motors, outfall pipeline etc.	A to B	Information about the location, material and performance is highly reliable. Age, quantities and condition is reliable but can be improved e.g. criticality data and unit rate information. Information on the outfall, oxidation ponds and wetlands are uncertain and not very accurate

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# **STORMWATER**

Overall Confidence Data - Accuracy

Asset Type	Highly Reliable	Reliable	Uncertain	Very Uncertain
Stormwater Mains	х			
Connections	Х			
Manholes	Х			
Open Drains		х		
Culverts		х		
Sump Leads	Х			
Catchpits	Х			
Inlets		х		
Outlets		х		
Overland Flow Paths		х		
Stopbanks			Х	
Stormwater Ponds		Х		
Wetlands				Х
Floodgates		х		
Soakage Modules		х		
Catchpit Filters		х		
Pollutant Traps		х		
Pumping Stations		х		
Resource Consents	Х			

Asset Group	Grade	Comment
Flood Protection and Treatment Assets	A to C	Information about the location, material and
e.g. stormwater ponds, wetlands,		performance of pump stations, floodgates,
overland flow paths, soakage modules		stormwater ponds and soakage modules
etc.		are highly reliable. Age, quantities and
		condition for these assets are reliable but can
		be improved. Criticality data and unit rate
		information are uncertain and can be
		improved. Information on the overland flow
		paths, wetlands, pollutant traps, and catch
		pit filters are uncertain and not accurate

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# **TRANSPORT**

Overall Confidence Data - Accuracy

Asset Type	Highly Reliable	Reliable	Uncertain	Very Uncertain
Pavement		х		
Surfacing	х			
Kerb and Channel		х		
Drainage Facilities		х		
Footpaths	Х			
Accessways	Х			
Walkways		х		
Protection Structures		х		
Bridges		х		
Retaining Walls		х		
Coastal Structures		Х		
Parking Buildings	Х			
Car Parks (Off-street)		х		
Pay and display machines		х		
Lanterns	Х			
Brackets		х		
Poles		х		
Power Cabling		х		
Traffic Signals		х		
CCTV		х		
Variable Message Signs		х		
Street Signs		х		
Rails and Barriers		х		
Bus Shelters		х		

Asset Group	Grade	Comment
Transportation	A to C	The majority of Council's Transportation data
		is held in RAMM, with the remainder being
		captured in Accela. Transportation data is
		reasonably reliable, with some uncertainty

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Asset Group	Grade	Comment
		about historic pavements. There are good processes in place for maintaining and improving our Transportation Asset Data.

# SOCIAL INFRASTRUCTURE

Note that this only includes inforamtion on the assets that Council owns and manages. It does not include the assets owned and managed by Bay Venues Limited.

Overall Confidence Data – Accuracy

Asset	Number	Confidence	Condition of renewable assets
Sports facilities (active reserves)	6	A - Highly reliable (Condition assessed)	2.75
Community Facilities	8	A - Highly reliable (Condition assessed)	2.37
Arts Centre (Baycourt)	1	A - Highly reliable (Condition assessed)	1.58
Community share facilities	2	B – Reliable (Age based)	Community Managed
Grandstand (Domain) (currently under structural review)	1	A - Highly reliable (Condition assessed)	1.83
Libraries	3 + 1 in Civic Buildings	A - Highly reliable (Condition assessed)	1.69
Mobile Library	Visits 42 locations every fortnight	N/A	New 2021
Cemetery & Crematorium Buildings	1	A - Highly reliable (Condition assessed)	1.7

Key to confidence data for Social Infrastructure

Rank	Description of condition	Portion of life remaining
1	Very good condition	100-55%
2	Good condition – minor defects only	54-30%
3	Fair or moderate condition – maintenance required to return to accepted level of service	29-15%
4	Poor condition – consider renewal	14-6%
5	Very poor condition – approaching unservicable	5-0%

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11.4 Draft User Fees and Charges Schedule for the draft 2024-34 Long-term Plan

File Number: A14928693

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Authoriser: Paul Davidson, Chief Financial Officer

#### **PURPOSE OF THE REPORT**

1. The purpose of this report is to present the proposed draft User Fees and Charges Schedule for council to adopt as a draft for audit purposes.

#### **RECOMMENDATIONS**

That the Council:

- (a) Receives the report 'Draft User Fees and Charges Schedule for the draft 2024-34 Long-term Plan'.
- (b) Adopts the draft user fees and charges in **Attachment 2**, for audit purposes, incorporating any amendments as approved by Council at this meeting.
- (c) Delegates the Chief Financial Officer to approve the final wording of amendments (as per Council direction) prior to public consultation.

#### **BACKGROUND**

- 2. User fees and charges are updated by staff on an annual basis. Changes may be necessitated by one or more of the following influences: changing costs of providing the product or service, inflationary adjustments, new or deleted fees, statutory requirements, or alignment with market prices.
- 3. Significant or material changes are usually consulted on annually alongside the Long-term Plan (LTP) or annual plan (as applicable in any given year). The financial implications of proposed fee and charge changes have been included in the draft 2024-2034 draft Long-term Plan revenue figures.
- 4. Council received a report on 21<sup>st</sup> August titled Paying a Fair Share which presented proposals and options designed to provide, over time, a fairer and more transparent approach to the funding arrangements for some of council's activities.
- 5. Council considered proposals for some new user fees and charges to recognise specific beneficiaries of services or amenities to help reduce the extent to which general ratepayers are required to fund these services or amenities.
- Attachment 1 to this report sets out the key changes made to the fees and charges and provides an explanation for the significant changes and for the new proposed fees and charges.
- 7. **Attachment 2** to this report sets out the current fees compared to the proposed fees and charges for year one of the draft 2024-2034 draft Long-term Plan.
- 8. Any subsequent decisions from the council report titled Mount Maunganui Parking Strategy presented at this meeting to consider the engagement for the finalisation and implementation of the Mount Maunganui Parking Management Plan will need to be considered at a later date.

#### **DISCUSSION**

- 9. Council's user fees and charges enable the actual and reasonable costs of council's services to be suitably funded to by those who directly benefit from the service or amenity.
- 10. The draft revenue and financing policy guides the determination of funding sources for council activities. That policy includes five key principles:

**Accessibility** – that Council facilities and services should be accessible to as many people as possible.

**Affordability** – both that Council facilities and services should, wherever possible, be affordable to users and that rates should, to the extent possible, be affordable to ratepayers.

**Benefit** – that those who benefit from a Council facility or service should contribute to the costs of that facility or service, during the period in which the benefits are expected to occur.

**Exacerbators** – that those who contribute to the need for a Council facility or service should contribute to the costs of that facility or service.

**Practicalities** – the funding of operating and capital expenditure should take account of the practicalities and efficiencies of the available funding methods.

- 11. The council report Paying a Fair Share also recommended eight revenue strategy principles. These being that for council's fees and charges
  - (a) User pays is appropriate
  - (b) Fairness and equity to users is essential
  - (c) Consistently across council
  - (d) Reflects capital investment
  - (e) Simple to administer and understand
  - (f) Captures non ratepayer users of council's services and amenities
  - (g) Enables demand management
  - (h) Reflects the "value" of assets and environment
- 12. Council's general approach to Paying a Fair Share is to reduce the burden on the ratepayer by utilising a 'user pays' approach. Therefore, where a service user can be identified, and efficiently charged, they should pay for that service through a user fee or charge. This approach would then enable a greater percentage of the costs of an activity to be recovered from service users.
- 13. Fees and charges forecast revenue is included in the 'Draft Financial Information for the 2024-34 Long term Plan' report.
- 14. The statement of proposal included as **Attachment 1** contains the key changes to fees and charges, why these changes are being proposed, and how people can provide feedback. The full proposed user fee and charges schedule for the first year of the draft 2024-34 Longterm Plan (2024/25) is provided in **Attachment 2**. The fees schedule includes the proposed fees, with a comparison to the 2023/24 charges. Both of these documents will be updated as required following the audit process and published from 15 November 2023.
- 15. The new proposed fee for senior training on sports fields has been included in in **Attachment 2**, with the narrative explaining this change included in **Attachment 1**. This reflects council's intent to phase charges for training and matches for seniors across a four year period, working towards a cost recovery of 50% in year four.
- 16. Council fees and charges are benchmarked to other councils and other relevant entities to gauge appropriate levels of fee and charge.
- 17. Inflation is a key assumption in proposing appropriate fee and charges. Many of the fees have increased around 6%, being a forecast for the 2023/24 financial year of 4% and a catch up from the prior year of 2%.

- 18. Actual inflation to December 2022 was 7.2%, not all of which was anticipated in the setting of the 2022/23 User Fees & Charges. The forecast for 2023/24 inflation is an average of the most recent forecasts from NZ's major trading banks, Reserve Bank of NZ and NZ Institute of Economic Research.
- 19. Also, in some cases, the impact of COVID-19 on Council's revenues has caused deficits in the previous and current year due to reduced volumes of business activity. Several activities are expecting a significant improvement in operating revenues as volumes return.

# STRATEGIC / STATUTORY CONTEXT

- 20. The setting of fees and charges at the correct level enables the funding of council's activities. These activities help deliver our community outcomes and facilitate improved quality of life, quality of economy and sound city foundations.
- 21. The recommendation meets the requirements of the Local Government Act 2002.
- 22. Council is authorised to set fees and charges under specific legislation, including:
  - Local Government Act 2002
  - Resource Management Act 1991
  - Dog Control Act 1996
  - Building Act 2004
  - Reserves Act 1977
  - Waste Minimisation Act 2008
  - Local Government Official Information and Meetings Act 1987
  - Food Act 2014
  - Food Hygiene Regulations 2015
  - Impounding Act 1955
  - Health Act 1956
  - Sale of Alcohol Act 2012

#### **OPTIONS ANALYSIS**

# Option 1: Council approves the draft user fees and charges schedule and statement of proposal.

23. The Council approves the draft fees and charges as proposed in **Attachment 2**.

Advantages	Disadvantages
<ul> <li>Activity Managers have reviewed their fees and charges and have made recommendations based on actual and reasonable costs</li> <li>Proposed fees and charges align with the current draft Long-term Plan budgets</li> <li>Engagement and communications planning can be finalised</li> <li>The Chief Financial Officer can be delegated to approve the final wording of any amendments (as per Council direction) prior to public consultation.</li> <li>Audit timeframes can be met for the draft Long-term Plan</li> </ul>	Potential opportunities for other fees and charges may not have been considered.

Key risks	Further opportunities for fees and charges may have to delayed until the 2025/26 annual plan process but there is opportunity to make amendments to the proposed fees and charges through the Long-term consultation and decision-making process.
Recommended?	Yes

# Option 2: Council does not approve the draft fees and charges schedule and statement of proposal and requests further changes to the draft user fees and charges schedule.

24. The Council does not approve the draft fees and charges and either rejects suggested changes or requests further analysis be undertaken.

Advantages		Disadvantages	
Potential opportunities for fees and charges may be raised and considered.		Delays in finalising the draft Long-term Plan budgets.  Audit timeframes may not be met	

Key risks	Potential delays in finalising the financial forecasts, completing the audit process and documentation for the 2024-34 Long-term plan.
Recommended?	No. This option may allow flexibility to consider variations to the fees noting that significant changes and the introduction of new fees may delay adoption of a draft fee schedule and the draft 2024-2034 Long-term Plan.

#### **FINANCIAL CONSIDERATIONS**

25. The financial implications of the proposed fees and charges are included in the draft 2024-2034 Long-term Plan.

# **SIGNIFICANCE**

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

#### **ENGAGEMENT**

- 29. Taking into consideration the above assessment, that the decision is of high public interest, and the legal requirements for some of the user fees and charges, officers are of the opinion that one-month consultation is required under the section 83 of the Local Government Act.
- 30. Targeted engagement will occur prior to the legislated consultation period with affected user groups and leases to update them on what is being proposed, explain the LTP process, and how they can provide feedback.
- 31. In November 2023 the draft user fees and charges will be consulted on with the community alongside the 2024-34 Long-term Plan consultation document, in accordance with sections 83 and 150 of the Local Government Act.

#### **NEXT STEPS**

- 32. The timeframes for the 2024/25 Fees and Charges Schedule align with the 2024-2034 Long-term Plan timeframes. The key steps are:
  - (a) **6 November:** Draft 2024/25 Fees and Charges Schedule and Statement of Proposal presented for adoption following the audit process.
  - (b) **15 November to 15 December:** Community feedback sought on the draft user fees and charges, alongside the Long-term Plan consultation document.
  - (c) **December 2023 January 2024:** Staff analyse community feedback and compile options and recommendations to council.
  - (d) **Early February 2024:** Hearings to be held.
  - (e) **Early March 2024:** Deliberations and decisions on the final Fees and Charges Schedule.
  - (f) **22 April 2024:** Fees and Charges Schedule adopted as part of the 2024-2034 Longterm Plan.
- 33. Once adopted and finalised, the fees and charges will come into effect on 1 July 2024.

#### **ATTACHMENTS**

- 1. Statement of Proposal Draft 2024-25 User Fees and Charges A14984080 🗓 📆
- 2. 2024-25 Draft Fees and Charges Schedule A14983268 (Separate Attachments 1)



# Statement of Proposal Proposed 2024/25 Fees and Charges

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# Introduction

The Council's fees and charges are set under various legislation, including the:

- Local Government Act 2002
- Resource Management Act 1991
- Dog Control Act 1996
- Building Act 2004
- Reserves Act 1977
- Waste Minimisation Act 2008
- Local Government Official Information and Meetings Act 1987
- Food Act 2014
- Food Hygiene Regulations 2015
- Impounding Act 1955
- Health Act 1956
- Sale of Alcohol Act 2012.

Council's user fees and charges are updated each year. Updates reflect changing circumstances, Consumer Price Index (CPI) adjustments, new or removed fee requirements, or benchmarking with other Councils. The proposed fees and charges reflect the outcome of this review process.

This proposal summarises the key changes to user fees and charges proposed for the year beginning 1 July 2024. A full schedule of Council's proposed fees and charges not included in this proposal is available from [website link] under 'Supporting Documents'.

All fees are GST inclusive unless otherwise stated.

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# How can I make a submission?

The proposed 2024/25 Fees and Charges will be open for public submissions from 15 November 2023 until 5:00pm 15 December 2023.

A full schedule of Council's proposed fees and charges is available from [website link].

Alternatively, full copies of the proposed fees and charges document and submission forms are available from He Puna Manawa - 21 Devonport Road or in any library.

If you also wish to present your submission in person, Council will hear verbal submissions at its meeting on the xx xxx 2024. You can indicate if you wish to speak to your submission on the submission form.

# Adjusting for inflation

In general, the fees and charges have been reviewed and adjusted in line with inflation of 6%. Extensive benchmarking was undertaken for 2024/25 to consider council's fees and charges alongside other metro councils and ensure consistency in the fees charged.

# Increasing fees

A strategic review of the costs associated with our activities has been completed. For some activities, this has resulted in some increases above the rate of inflation to cover the operational expenses and increasing levels of service. These activities include:

- Animal Services
- · Cemetery Parks and Crematorium
- Historic Village
- Mount Maunganui Beachside Holiday Park

# **Land Information**

The increased property file charges reflect appropriate staff recovery time and overhead costs to fulfil property file requests and documents sourced from property file records for printing. The fees were benchmarked against other larger city councils, showing that the proposed change is in the median range.

Increases to the LIM service reflects the actual staff and management time spent. Urgent requests reflect opportunity cost of changing staff schedules to attend urgent requests.

#### Libraries

The increase for interloan requests and research reflects the time and resource spent.

Printing and photocopying costs for libraries, customer services, and information requests have been aligned for consistency.

# **Parking**

Some of the lease fees for covered and off street parking have been increased. The intent is for the lease spaces to generally be used for casual and free weekend parking, providing benefit to the city centre. The lease fee reflects the benefit received from exclusive use of the spaces.

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# Parks and recreation

The car parking fee for mooring holders on The Strand has been increased to align with the price of Parking Building fees.

# Planning

Noise control fees have been amended to align with consultant fees and updated to tier 2 hourly rates.

# Introducing new fees

# **Baycourt**

A new charge has been introduced for half day venue hire at the Cargo Shed, relative to the full day venue hire and reflecting reasonable costs.

# **Building services**

A new Building Compliance Officer resource has been included and therefore the associated fee for this has been added.

#### Cemeteries

A new cremator is planned for financial year 2024/25, which will allow the old cremator to be utilised for animal cremation. A new fee for animal cremation has been introduced.

With the arrival of the new cremator, the activity will now be able to offer cremation for oversized caskets, where previously these have been sent to Auckland due to existing capacity constraints. Crematories south of Auckland may consider sending their oversized caskets to this crematorium rather than using the Auckland services.

A new fee for a non-resident, additional to plot, maintenance, and burial charges has been introduced.

# Food premises

We have introduced some new fees to follow up site visits, and new fee for unregistered food business warnings and enforcement, in line with the other hourly charges to reflect the time taken.

# **Land Information**

A new fee for cancellations of property files and LIMs has been introduced to reflect the administration and staff time spent on cancelled services before or part way through their requests.

# **Marine Facilities**

A daily parking fee has been proposed for users of Sulphur Point, Pilot Bay, and Whareora boat ramps. These new fees are for the direct users and people who benefit from these facilities to contribute to the costs of operating boat ramps rather than this activity being entirely funded by rates.

An annual fee (for Tauranga residents only) has also been proposed so that local residents can pay a set fee for unlimited use of these main boat ramps.

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# Parks and Recreation

We have introduced a new fee for using our sports fields, including those with artificial turf, as we aim to partly recover the ongoing expenses of maintaining these quality facilities and spaces. It's important to note that this new fee structure pertains solely to senior and adult teams and clubs, exempting youth and junior teams. This will also create better consistency for fees across our recreational facilities.

The fee increase will be implemented gradually, and over the next three years, will include charges for the exclusive use of sport fields, cricket wickets and artificial turf.

In the first year, only training (not games) will be charged at \$225+GST per hour, per field/wicket, per season - for adult/senior participants only. In the second and third years (2025/26-2026/27), this fee will increase to include both training and games. This rate will be charged at \$225+GST per hour or match, per wicket/field, per season. The funds collected through these fees will be directed toward covering the operational expenses of the sports fields, reducing the reliance from rates.

A new fee has been introduced for weddings and corporate bookings at McLaren Falls to assist with costs associated with the maintenance of the area.

# Planning

A new fee has been added for issuing an abatement notice. This fee will provide for recovery of time spent (2.5 hours) preparing, peer review and issuing an abatement notice (in relation to consented sites only). Investigation of non-compliance, and follow-up monitoring are still recovered at hourly rate.

Pre-application advice guidance notes have been amended to reflect that previously, time has been recorded and only on-charged if/when an application is lodged; this change will provide for transparency of time spent providing pre-application advice, better reflecting the resource investment

# Sustainability and waste

A new fee has been included for a repeated service attempt and reflects actual costs.

New fee for a licence to operate a waste facility is included, at the same rate as the collectors.

#### Trade waste

New fees to reflect the resource invested and to bring charges in line with best practices around other local authorities.

The new 1 year license fees provide better trade waste outcome and fairer revenue. This will however require a bylaw change, and it will be phased in to correspond with the current 3 yearly license renewal terms.

## Use of council land

Fee structures for use of council land have been reviewed and changes have been made to align with the Use of Council Land Policy, which was adopted by council in December 2022.

The new 'Lease or Licence Administration Fee - Commercial' and new 'Lease or Licence Administration Fee - Community' fees are proposed to be charged for each new lease, renewal or assignment. The new fees are based on either a market or a reserve valuation, with a 50% discount of the reserve valuation rate provided to community groups.

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# Removing or reducing fees

The earthworks monitoring fee has been reduced to align with the Senior Monitoring Officer hourly rate.

DVD loans and overdue charges in our libraries have been removed.

GIS product printing has been removed as the service is no longer being offered.

The fee for the first privately owned swimming pool inspection has been removed as this is now covered by a targeted rate. A fee remains in the schedule for second inspections (if required).

The Historic Village Balcony Room Annex has been removed as it is no longer available, and the Durham Barracks and Colonial Greers Cottage has been added as a new venue for hire

# Other changes

The published landing fees aircraft above 5000kg for 2023/24 are \$4.84 and \$2.46. Following the adoption of the fees and charges schedule, the new rate of \$8.66 and \$1.69 was agreed with Air New Zealand. Therefore the amount shown under 2023/24 is the agreed amount. These landing charges (above 5,000 kg) only apply to Air New Zealand.

For food premises we've split the 'amendment to registration' fee into significant and minor matters and set the fees appropriately to reflect time spent.

Temporary relief of fixed water charges that were applied in 2023/24 have come to an end in 2024/25 and are reinstated.

Historic Village fees have been simplified so they're easier to use and more transparent for users. The different types of event rates have been removed to provide one hirer rate. The proposed rates for 2024/25 match the current actual function rate, however due to a change in fee structure, it now includes the staff cost, which was previously charged in addition to the per hour/day rate.

The Mount Maunganui Beachside Holiday Park fee for site holders has been simplified into a single fee.

Page **5** of **5** Objective ID: A14984080

11.5 2024-2034 Long-term Plan - Adoption for Audit of Draft Groups of Activities and Performance Measures sections

File Number: A14973012

Author: Josh Logan, Team Leader: Corporate Planning

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

#### **PURPOSE OF THE REPORT**

1. The purpose of this report is to present the draft Groups of Activities plans and performance measures for Council to consider for approval to form part of the supporting information for the consultation on the 2024-2034 Long-term Plan (LTP).

# **RECOMMENDATIONS**

That the Council:

- (a) Receives the report "2024-2034 Long-term Plan Adoption for Audit of Draft Groups of Activities and Performance Measures sections".
- (b) Adopts the draft Groups of Activities Plans, as set out in **Attachment 1**, for submission to Audit New Zealand, as they form part of the supporting information for the Draft 2024-2034 Long-term Plan.
- (c) Adopts the draft Performance Measures, as set out in **Attachment 2**, for submission to Audit New Zealand, as they form part of the supporting information for the Draft 2024-2034 Long-term Plan.
- (d) Delegates authority to the Chief Executive to make editorial amendments to the draft Groups of Activities Plans and draft Performance Measures, if required, prior to it being submitted to Audit New Zealand.
- (e) Notes a revised version of the Groups of Activities Plans and Performance Measures, following any amendments required by Audit New Zealand and for graphic design purposes, will be provided to Council for its approval in early November 2023.

# **EXECUTIVE SUMMARY**

- 2. This paper recommends adoption of the draft supporting documentation for the 2024-34 Long-term Plan (LTP) to enable auditing of the documents along with the consultation document and enable progress towards the Special Consultative Procedure and eventual adoption of the 2024-34 Long-term Plan.
- 3. Key content includes:
  - (a) Draft Groups of Activities (Attachment 1)
  - (b) Draft Performance Measures (Attachment 2)
- 4. These documents have been prepared based on guidance received from Commissioners at the previous two LTP workshops in June and July and through Council decisions throughout 2023. They must be available to Audit New Zealand as part of their statutory audit.
- 5. The results of this audit will be provided to Council in early November 2023, at which time Council will be requested to approve revised documents for consultation. Council will receive public submissions between 15 November 2023 to 15 December 2023, and hold hearing and deliberations in February and March 2024, before adopting the Groups of Activities Plans and Performance Measures, as part of the LTP.

# **BACKGROUND**

- 6. As a requirement of the LTP process, Council has undertaken a review of each activity area plan. Activity Managers have reviewed individual activities and developed an up to date simple, practical plan. This plan is the place for discussions of the linkages between the community outcomes, other strategic priorities and activities, development of the rationale for service delivery and assessment of significant negative effects.
- 7. Another key element of the activity plans are the levels of service and performance measures. Set as part of the LTP, these form the basis for monitoring and reporting through annual and quarterly reports.
- 8. Activity plans are a key part of the long-term planning process. They help form the basis of information that will be incorporated within the final Long-term Plan. Additionally, activity area plans help inform the Infrastructure Strategy and Groups of Activities section that make up part of the supporting information for the formal LTP consultation period.
- 9. The Groups of Activities section of the consultation document for the LTP is how the activities will be presented in the final LTP document.
- 10. As per Section 93 (7) (b) of the Local Government Act 2002 (LGA), the information required for an LTP is listed in Schedule 10 part 1 of the act. In relation to the Groups of Activities section of an LTP, it must:
  - (a) identify the activities within the group of activities
  - (b) identify the rationale for delivery of the group of activities (including the community outcomes to which the group of activities primarily contributes)
  - (c) outline any significant negative effects that any activity within the group of activities may have on the social, economic, environmental, or cultural well-being of the local community
  - (d) include the information specified in clauses 4 (Statement of Service provision) and 5 (Funding Impact Statement)
    - i. in detail in relation to each of the first 3 financial years covered by the plan; and
    - ii. in outline in relation to each of the subsequent financial years covered by the plan.

# New performance measures section for this LTP

- 11. Direction from the Commission has informed the content of the draft LTP, and part of this process has led to the development of a separate performance measures section. This section now sits alongside the groups of activities section (rather than being integrated within it).
- 12. To ensure this approach still meets legislative requirements, it has been discussed with Audit New Zealand, who have confirmed that what is presented to you today as **Attachment 2** will meet the requirements of the LGA.
- 13. The performance measures for the LTP have been incorporated into the proposed performance management framework as contained in the report titled "2024-2034 Long-Term Plan Non-Financial Performance Measures", presented to Strategy Finance and Risk Committee on 7 August 2023.
- 14. The new section lists the performance measures by our community outcomes. Under each community outcome, measures are further separated into two categories, Our Direction Measures (strategic measures) and Service Measures (measures audited by Audit New Zealand)
- 15. This approach allows readers, including our communities, to easily understand the performance measures in terms of how they connect with and contribute to high level outcomes and the existing pillars of the Council's Vision and Strategic Direction, and with

service delivery. It aligns with feedback from the Commission received at the 7 August Strategy Finance and Risk Committee.

# STRATEGIC / STATUTORY CONTEXT

16. The preparation of a LTP is a requirement of the LGA. All Groups of Activities plans are aligned to Community Outcomes. These provide the community with an understanding of what we do and how our activities benefit them, ensuring Council's activities are transparent and relevant.

# **OPTIONS ANALYSIS**

17. There are two options for consideration:

# Option 1: Council adopts the draft supporting documentation for submission to Audit NZ for formal audit.

18. Council approves the draft supporting documentation as proposed in Attachments 1 and 2.

Advar	ntages		Disadvantages
Keeps within the control	current timeframes.	•	Potential opportunities for amendments to the supporting documentation may not have been considered.
Recommended?	Yes		

# Option 2: Council does not adopt the draft supporting documentation for submission to Audit NZ for formal audit.

 Council does not approve the draft supporting documentation as proposed in Attachments 1 and 2.

Advar	ntages		Disadvantages
Potential opportundocuments to be a reconsidered.	ities for supporting amended and	•	Delay in adopting the supporting documentation (depending on the duration) may delay preparation of the LTP.
Recommended?	No	•	

# **FINANCIAL CONSIDERATIONS**

20. There are no specific costs associated with option one, however pursuing option two could lead to time delays as processes and decision-making may need to be revisited.

#### **LEGAL IMPLICATIONS / RISKS**

Legislative issues are considered in the Background section to this report.

# **CONSULTATION / ENGAGEMENT**

22. The LTP Consultation Document and supporting documentation is scheduled to be adopted in November 2023. After that adoption it will be consulted on with the community using the special consultative procedure outlined in section 93A of the LGA.

# **SIGNIFICANCE**

23. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.

- 24. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
  - (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  - (b) any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
- 25. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the LTP and its contents is of <u>high</u> significance. However, this decision is considered to be of low significance.

# **ENGAGEMENT**

26. No engagement is required at this time (as the decision to adopt the draft Groups of Activities plans and performance measures section for audit purposes is of low significance). Once the draft Groups of Activities plans and performance measures section is adopted as supporting material alongside the LTP consultation document in November 2023, it will be consulted on with the community using in accordance with section 93A of the LGA.

# **NEXT STEPS**

- 27. If Council approves the recommendations of this report, the Groups of Activities plans, and performance measures sections will be provided to Audit New Zealand for their audit.
- 28. Once that audit is completed, the Groups of Activities plans, and performance measures sections will be revised as necessary and presented to Council for adoption in November 2023, along with the draft consultation documentation and other supporting information for the LTP. If adopted at this point, the Infrastructure Strategy will be consulted on via the Special Consultative Procedure required by the LGA. Council decision making may require further changes through this process.

# **ATTACHMENTS**

- 1. LTP 2024-34 Draft Groups of Activities\_PDF A15004144 (Separate Attachments 1)
- 2. LTP 2024-34 Draft Performance Measures\_PDF A15004140 (Separate Attachments 1)

# 11.6 Papamoa East / Wairakei / Te Tumu Investments: Strategic Considerations and Funding Approaches

File Number: A14856800

Author: Andy Mead, Manager: City Planning & Growth

Frazer Smith, Manager: Strategic Finance & Growth Ana Blackwood, Senior Advisor: Growth Funding

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

Please note that this report contains confidential attachments.

Public Excluded Attachment	Reason why Public Excluded
Item 11.6 - Papamoa East / Wairakei / Te Tumu Investments: Strategic Considerations and Funding Approaches - Attachment 1 - Excerpt of Council Resolutions relating to PEI from Decemeber 2022	s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.
Item 11.6 - Papamoa East / Wairakei / Te Tumu Investments: Strategic Considerations and Funding Approaches - Attachment 2 - Excerpt of key terms relating to the Papamoa East Interchange from Wairakei Development Agreement	s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.
Item 11.6 - Papamoa East / Wairakei / Te Tumu Investments: Strategic Considerations and Funding Approaches - Attachment 3 - Confidential Legal Advice	s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege.
Item 11.6 - Papamoa East / Wairakei / Te Tumu Investments: Strategic Considerations and Funding Approaches - Attachment 5 - Detailed list of Te Tumu Funded Capex Projects	s7(2)(i) - The withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

# **PURPOSE OF THE REPORT**

- 1. To set out the broader strategic considerations to inform the Papamoa East Interchange and Opal Drive Pump Station reports on the same Council agenda.
- 2. To determine the funding approach to address the funding risks associated with the Te Tumu urban growth area for inclusion in the draft 2024-34 Long Term Plan.

#### RECOMMENDATIONS

# That the Council:

- a) Receives the report "Papamoa East / Wairakei / Te Tumu Investments: Strategic Considerations and Funding Approaches".
- b) Notes for consideration the range of strategic issues relevant to progressing construction of infrastructure in the Eastern Corridor and specifically the Papamoa East Interchange and Opal Drive Wastewater Pump Station.
- c) Agrees that Te Tumu transport funding risks will be proposed to be managed by a targeted rate based on:
  - 50% of the Te Tumu portion of the transport projects which have the majority of their expenditure in the first 3 years of the Long-Term Plan (including the Papamoa East Interchange).
  - ii) A flat charge (i.e. not based on CV) per ratepayer across the city with a higher charge (double) in the wider benefit area in Papamoa East and (triple) for those in the full benefit area in Papamoa East.
  - iii) A 20-year repayment period starting in Year 1 of the 2024-34 Long Term Plan period.
- d) Consults with the community on the proposed Te Tumu transport related targeted rate through the draft 2024-2034 Long Term Plan.
- e) Agrees not to propose a targeted rate for waters projects due to the proposed three waters reform and exclusion of waters activities after Year 2 of the 2024-34 Long Term Plan.
- f) Retains attachments 1 and 2 in public excluded under section 7(2)(ii) of the Local Government Official Information and Meetings Act.
- g) Retains attachment 3 in public excluded under section 7(2)(g) of the Local Government Official Information and Meetings Act
- h) Retains attachment 5 in public excluded under s7(2)(i) of the Local Government Official Information and Meetings Act until the contractual negotiations associated with the Papamoa East Interchange construction contract are complete.

# **EXECUTIVE SUMMARY**

- 3. The Long-Term Plan 2024-2034 includes significant investments in the Eastern Corridor which provide varying benefits to the urban growth areas of Papamoa, Wairakei and Te Tumu.
- 4. The Papamoa East Interchange is proposed to be constructed to support the existing community in Papamoa East including 5,700 homes east of Parton Road, as well as to enable development of the Wairakei town centre (including associated medium density housing). Significantly greater benefits could be attributed to the existing community and remaining growth in Papamoa and Wairakei compared to Te Tumu as they will utilise this asset long before development in Te Tumu occurs. The same is true for the Opal Drive Wastewater Pump Station.
- 5. The Interchange and the pump station would also support the future Te Tumu urban growth area. A significant amount of cost of both projects are allocated to Te Tumu development contribution funding as well as other transport and three waters projects.
- 6. These costs will initially be debt funded by TCC or in the case of three waters projects the assumption is that they will be the responsibility of the proposed new three waters entity for the Bay of Plenty from Year 3 of the 2024-34 period onward.
- 7. The timing of Te Tumu development is anticipated to be significantly delayed and likely to start in approximately 2040 based on the upcoming draft 2024-34 LTP. To manage rates

- and debt sustainably, construction costs for the Kaituna Stormwater Project will not be in the 2024-34 period. The Overflow is required before development can commence in Te Tumu.
- 8. Te Tumu also faces a range of other challenges to successfully rezone it for urban development. These relate to securing infrastructure corridors through Māori land, the wider views of Tangata Whenua on the scale and appropriateness of urban development, and the impacts of government freshwater and indigenous biodiversity policy on urban development and associated infrastructure delivery.
- 9. Given these risks there is substantial uncertainty around the Te Tumu funding share for the interchange and Opal Dr projects as well as other projects with a Te Tumu funding share. The report sets out these risks in further detail to enable them to be considered as part of decision-making regarding the interchange and Opal Drive reports on this Agenda.
- 10. Decisions are also required on how to address funding risks associated with the Te Tumu share of transport and waters projects as part of the draft 2024-34 Long Term Plan, including the potential for general and targeted rate funding. These options are assessed in the report, and it is recommended that 50% of the Te Tumu funding risk related to the transport projects is transferred to a mix of general rates and a Papamoa East targeted rate to keep Council debt at a sustainable level.
- 11. Due to three waters activities being out of the 2024-34 Long Term Plan from Year 3 onward there is limited ability to address waters funding risks at this point in time.

# **BACKGROUND**

- 12. This report should be considered alongside the reports on the same Council meeting agenda that addresses the Papamoa East Interchange and Opal Drive Wastewater Pump Station.
- 13. The report addresses issues which arise from:
  - Level of uncertainty associated with Te Tumu proceeding and the timing of that development proceeding
  - Timing of investment in infrastructure which benefits both existing zoned land and the future Te Tumu land.
- 14. The Pāpāmoa East Interchange (PEI) and the Opal Drive Wastewater Pump Station are key to unlocking investment to deliver much needed housing in Wairakei (and Te Tumu in the future). They will also bring many social, economic and environmental benefits for current and future Pāpāmoa East residents and businesses through the creation of a 'Connected Centre' in Papamoa East.
- 15. Connected Centres is the philosophy embedded throughout the Urban Form and Transport Initiative (UFTI) and the Transport System Plan (TSP). Its focus is on improved urban form and better transport choice to support people to travel less and travel differently enabling people to live, work, learn, play and move locally. The Connected Centres concept applied in the Sands Town Centre and Te Tumu, supported by the PEI and the pump station, will enable higher density housing, trip containment and multi-modal transport opportunities which deliver carbon emission benefits.
- 16. Key housing development and associated outcomes are to:
  - Accelerate the build of 750 medium and high-density homes currently zoned for development in and immediately around the Wairakei (Sands) town centre;
  - Provide for a total of 3,030 currently zoned new homes in Wairakei; 6,000 future homes in Te Tumu; and 2,000 potential homes in Bell Road.
  - Provide for a range of housing typologies.

- Unlock the creation of a new town centre, The Sands, with between 5,300 and 7,600 new FTE's. This will deliver well located amenity in the east, therefore reducing the need to travel to the west.
- Support the Rangiuru Business Park Provincial Growth Fund project providing housing for 4,000 employees.
- Deliver positive carbon emissions outcomes through alleviating pressure on the transport network and by improving urban form that supports trip containment (residents can live, work, learn, play and move easily within their neighbourhood) and by encouraging mode shift towards more sustainable travel options.
- Support an accessible town centre; in Wairakei with approximately 3,000 dwellings accommodating 7,250 people within walkable catchment of town centre (800-1000m) and increasing to 10,000 plus people within the walkable catchment when Te Tumu is fully developed.
- 17. The PEI is not just about supporting growth, it will benefit the existing community in Papamoa East and transport modelling demonstrates that it will be well used by the existing community, especially those living to the east of Parton Road. There are currently 5,700 homes located east of Parton Road. Significantly greater benefits could be attributed to the existing community and remaining growth in Papamoa and Wairakei compared to Te Tumu as they will utilise this asset long before development in Te Tumu occurs. The same is true for the Opal Drive Wastewater Pump Station.
- 18. The PEI project is separated into three 'phases.
  - Phase 1 was earthworks and culverts this stage is largely completed.
  - Phase 2 is the extension of Te Okuroa Drive and the intersection with the future Sands Avenue – scheduled for completion by the end of this calendar year.
  - Phase 3 is the budget for the rest of Sands Avenue and the core interchange structure.
- 19. At a Council meeting 12 December 2022, a report titled "Approval to enter into Wairakei Development Agreement" was considered in the public excluded session. Subsequently the Wairakei Developer Agreement was executed on 23 June 2023.
- 20. The resolutions from the 12 December meeting and terms of the Wairakei Development Agreement are relevant to decision-making around PEI construction. Given the commercially sensitive nature of these matters a copy of the relevant excerpts of each are included as Confidential Attachments 1 and 2.

# **TK14 TRUST**

- 21. TCC and representatives of the TK14 Trust are in negotiations to agree suitable mechanisms to provide infrastructure through the TK14 Block which would support the urban development of the entire Te Tumu urban growth area. A majority of TK14 beneficiaries who voted, supported these negotiations proceeding.
- 22. The negotiations are proceeding well but will take some time to conclude given complex legal and land valuation issues (including the need to obtain Land Information New Zealand and Māori Land Court approval of the legal instruments that will be employed to secure TCC's rights). Once suitable outcomes are agreed they will be presented back to the TK14 beneficiaries for a further vote. Until this process is complete and approved by Council, we will not have certainty of access and infrastructure arrangements to support the development of Te Tumu.
- 23. Development of Te Tumu cannot commence until infrastructure is delivered through the TK14 Block. While TCC is taking the lead on securing infrastructure corridors, the cost and responsibility for construction of infrastructure sits with the Te Tumu developers. This may require one of the developers to the east of the TK14 land to forward funding infrastructure through TK14 to enable housing and urban development to commence and development contributions to start flowing to Council. These matters have yet to be agreed between the

- landowners. Also is it possible that some Crown funding / financing may be available to the TK14 Māori Land Trust to assist with infrastructure investment.
- 24. TCC is currently progressing a business case with the aim of securing Waka Kotahi funding to assist with the cost of delivering the future Te Tumu transport network. Certainty of any potential funding will not be known for some time and cannot be relied upon at this time given future Waka Kotahi approval processes, funding constraints and the funding needs of other priority transport projects.

# **TE TUMU PLAN CHANGE**

- 25. The structure planning and rezoning of Te Tumu has been underway since 2017, originally with the aim of housing development commencing in 2021. The project has faced a number of challenges and delays most notably in respect of:
  - Differing aspirations of Māori landowners and their Trustees including the ability to deliver infrastructure through Māori land.
  - The views of iwi and hapu on the appropriateness of urban development within Te Tumu.
- 26. Changes to national direction pursuant to the RMA in respect of freshwater management, especially wetlands, and the inability to progress the structure planning of the area with confidence while these national level policy changes were occurring.
- 27. While some progress has been made, the project continues to face on-going challenges in respect of these matters, especially as we now look to give effect to these operative national direction documents which impact existing technical work and key elements of the project.
- 28. Iwi and hapu engagement recently recommenced following an extensive pause, at their request while the TK14 Trust moved through internal processes with their landowners. Many Tangata Whenua continue to hold a strong view urban development within Te Tumu is not appropriate. This view is held despite the TK14 Trust gaining a majority mandate from its beneficial owners to negotiate the delivery of infrastructure corridors with TCC.
- 29. Despite recent amendments to the government's freshwater policy adopting many of TCC's recommended changes, not all suggested changes were adopted. Staff have been considering these outcomes further, particularly in regard to the delivery of the Kaituna Stormwater Overflow. The Overflow is a requirement of the existing comprehensive stormwater consent that Council holds and is essential to managing stormwater runoff from future urban development in Te Tumu and protecting existing development within the wider catchment of the Wairakei Stream in Papamoa and Wairakei. Refer to confidential attachment 3 for further information.
- 30. There are also judicial review proceedings against the Minister for the Environment seeking a move back to more stringent protection of freshwater environments as set out in the NPS-FM. If successful, this would likely have impacts on the Te Tumu urban growth area planning.
- 31. More recently the government enacted the National Policy Statement for Indigenous Biodiversity. In addition to the requirements now set out under the new freshwater policy directions, staff have also been considering how the new indigenous biodiversity national policy framework will impact on the delivery of key projects associated with progressing urban development within Te Tumu. Although many areas across Te Tumu are presently identified as having significant ecological value and are managed through existing rules in the City Plan, these areas, including any new areas that are identified using new assessment criteria set out in the policy statement, will now be required to be managed in accordance with this national policy. This requirement however includes ensuring that effects resulting from subdivision, use or development on these areas be avoided. This is an onerous requirement and one that will be likely be very difficult to achieve in reality. Further, it is noted that majority of the existing ecological areas in Te Tumu are also wetland areas and will be subject to both this new policy statement and the requirements of the new freshwater policy.

- This adds further complexities to successfully delivering key infrastructure and urban development within this growth areas.
- 32. Given the above matters, the planning process to assess and confirm acceptability of rezoning Te Tumu for urban development remains long, complex and uncertain. Combined with funding constrains for infrastructure we currently estimate that urban development of Te Tumu may commence around 2040 if a successful rezoning process can be completed. Staff are undertaking further work on these key issues to inform Council decision-making on the way forward for the Te Tumu project. This includes seeking independent legal and planning advice. This advice will be provided to Council in public excluded when available.
- 33. There is a risk that urban development within Te Tumu does not proceed. In that scenario capex costs attributed to Te Tumu development contribution funding would have to be funded by ratepayers.

# **FUNDING AND PROJECT COST**

- 34. The total projected cost of the PEI as of August 2023 is \$121M. Noting that this number is adjusted for expected inflation in the later years of delivery and so is higher than the amount noted in the report regarding the tender of the PEI but ultimately made up from the same budgets. This is made up as:
  - \$11.7M for land purchase and early works (spent)
  - \$14.7M for the cost of Phase 1 works (spent)
  - \$13.2M budgeted for Phase 2 works (committed)
  - \$81M budgeted for Phase 3 (tender award decision with Council).
- 35. 51% of the costs of the PEI, up to a maximum amount of \$62M, will be funded from Waka Kotahi. The following table summarises the funding proportions based on the current budgets.

Funding Source	%	\$
Waka Kotahi	50% <sup>4</sup> .	\$60.1M
Wairakei DCs	21%	\$24.6M
Te Tumu DCs	27%	\$33.1
General rates	3%	\$3M
Total	100%	\$120.9M

- 36. If the actual spend is lower than the current budget, then we will not draw down the full \$62M from Waka Kotahi as they will only fund a maximum of 51%.
- 37. If Te Tumu development does not proceed, then the Te Tumu cost share will need to be funded via alternative means most likely becoming a ratepayer cost. However, there are a number of ways this risk could be mitigated for example:
  - Divestment of surplus land acquired for the PEI project<sup>5</sup>

<sup>&</sup>lt;sup>4</sup> The Waka Kotahi subsidy will not equally exactly 51% of the total cost as some of the early expenditure (approximately \$3M) is not eligible for the subsidy.

<sup>&</sup>lt;sup>5</sup> The surplus land is currently set aside as part of the solution to securing access through Māori land in Te Tumu. Part of the surplus land may also be suitable for future TCC community facilities (pool, courts) and this option may be more cost effective than acquiring land within the Wairakei town centre itself for these purposes.

- Development of rural parts of Papamoa East is being investigated in the vicinity of Domain, Tara and Bell Roads. This could provide additional growth to contribute to infrastructure costs
- If infrastructure projects such as the PEI were delivered lower than current budgets this would reduce Te Tumu funding risks
- The transfer of infrastructure and funding responsibilities to a proposed Three Waters Entity (noting this would simply move the risk to another entity)
- Targeted rates across the Papamoa and Wairakei areas could meet part of a funding gap (as addressed in further detail later in this report).
- 38. The Wairakei funding share is currently on track to be fully recovered by development contributions with project cost increases being offset by external Waka Kotahi funding. This means there shouldn't be a development contribution under-collection.
- 39. TCC secured a \$96M, 10-year interest free loan via the Housing Infrastructure Fund (HIF) in relation to the PEI. \$62M of this loan has been utilised by Waka Kotahi which unlocked their currently constrained funding capacity to ensure they could subsidise the PEI. The remaining \$34M of the HIF loan is being used by TCC. This HIF loan was signed 30 June 2023 and TCC will begin drawing down on this loan facility this financial year. The HIF is a financing source only and does not directly fund the project i.e., we still need to pay back the loan using development contribution revenue.
- 40. Despite the HIF loan, the PEI expenditure will still incur interest until the full cost has been repaid. This is because the loan does not cover the full value of the expenditure and the interest free benefit has been used in a way that it reduces TCC's overall debt borrowing rate rather than only reducing the interest for the PEI.
- 41. Funding of the Opal Drive pump station is set out in the separate Opal Dr report.

# TE TUMU COST ALLOCATION

- 42. TCC has already spent nearly \$12M on the PEI, wastewater infrastructure and other projects which are expected to be funded via Te Tumu. Another \$228M of infrastructure investment is budgeted within the LTP period. By 2033/34 TCC will have incurred over \$240 in capex to be funded via Te Tumu. Adding onto this investment outside the LTP period then it is expected that approximately \$309M of infrastructure investment will need to be funded via Te Tumu. Noting that the expectation is that the proposed new Bay of Plenty three waters entity would be responsible for a significant component of this investment.
- 43. Most of the infrastructure shown is being delivered within the next ten years because it also services the Wairakei and/or Papamoa catchments (i.e. it is shared infrastructure). Some of the cost is to pay for Te Tumu infrastructure being built into Wairakei road corridors<sup>6</sup> and a small portion is to fund early design work for the future Te Tumu infrastructure. Attachment 4 is a plan which shows the rough location of projects which are part funded via Te Tumu. Attachment 5 provides the specific details all the projects part funded by Te Tumu and their correlating capital infrastructure budget.
- 44. Table 1 below is a summary of those projects in Attachment 5 grouped by activity. It only shows the portion of those projects within the LTP period so does not sum to \$309M.

<sup>&</sup>lt;sup>6</sup> Building this infrastructure into the road corridors now will reduce the overall cost of construction as retrofitting infrastructure, while possible, is much more costly than building it into new roads and creates significant inconvenience for residents and businesses.

Table 1: Te T	umu Fu	nded Ca	shflow b	y year								
	Actual	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31		2032/33	2033/34
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Water		65										
Wastewater	2,099	5,460	8,692	13,674	15,838	13,609	18,003	13,012	14,698	14,180	16,405	17,927
Stormwater	1,068	17		92	180	4,897	470	1,453	7,817	3,663	3,754	3,859
3 Waters sub total	3,166	5,541	8,692	13,766	16,019	18,506	18,472	14,465	22,515	17,843	20,159	21,786
3 Water cumulative	3,166	8,708	17,400	31,166	47,184	65,690	84,163	98,628	121,143	138,986	159,145	180,931
Transport	8,787	8,171	17,194	12,193	2,971	9,083			934			
Transport cumulative	8,787	16,958	34,153	46,345	49,316	58,399	58,399	58,399	59,333	59,333	59,333	59,333
Total annual	11,954	13,713	25,886	25,959	18,990	27,588	18,472	14,465	23,449	17,843	20,159	21,786
Total Cumulative	11,954	25,666	51,552	77,511	96,501	124,089	142,562	157,027	180,476	198,319	218,478	240,264

- 45. Consideration is being given to potential cost savings from rescoping three waters infrastructure projects such that they no longer provide capacity for growth in Te Tumu, and the consequential implications of this in respect of the further investment that would be required if Te Tumu did proceed in future. This is addressed in the Opal Drive report on this agenda and will be further reported back later in the LTP process for other relevant three waters projects. This work may provide options to reduce a portion of the financial risk Council is exposed to.
- 46. As stated above, most of the infrastructure being built now is not being driven by the need to provide for Te Tumu but is needed now because it also provides for development in Wairakei/Papamoa. This raises the issue of whether the current funding model should be adjusted.
- 47. The delay in the expected development of Te Tumu means that the debt relating to this infrastructure will compound significantly in the meantime. Table 1 below shows the likely impact on Te Tumu related debt if no action is taken.

Table 2: Likely Impact on Te Tumu debt if it is left to compound until 2045

	Future Te Tumu	Te Tumu portion in
Project Name	Debt portion	20 years if no
	(before interest) \$M	targeted rate (\$M)
3 waters projects	250.21	552.24
Transportation projects	59.33	183.15
Total	309.54	735.39

48. This level of debt would lock up a significant portion of Councils restricted debt capacity. It would also increase the risk that Te Tumu Development Contributions, when they were eventually charged, would be so high that development would be severely restricted and so this debt may never be recovered. It is estimated that development contributions would exceed \$100,000 per lot for transport and three waters infrastructure based on the current funding model.

# OPTIONS TO ADDRESS TE TUMU RELATED FINANCIAL RISKS

- 49. Options exist to focus solely on the transport activity or to consider the three waters activities as well. As noted earlier the three waters activities are complicated by the Three Waters Reform process and the statutorily required assumption for the 2024-34 Long Term Plan that three waters activities are excluded from year 3 onward. Nonetheless staff have prepared information in regard to all activities.
- 50. In relation to the three waters activities, we will also advise the National Transition Unit of the issue.
- 51. Regardless of which activities are addressed the options are:
  - **Option 1: Status quo** based on assumption that Te Tumu will be developed and that costs will be recovered through development contributions.
    - 1. This option is consistent with the philosophy of growth paying for growth, but may result in significant adverse debt and rate funding implications if Te Tumu risks materialise. Even if Te Tumu is developed, over \$300M of TCC's limited debt capacity will be utilised by Te Tumu costs and development contributions may be unsustainably high.
  - Option 2: Amended status quo (Rate fund cost of capital) As above but rate fund
    cost of capital on debt associated with Te Tumu. This option could involve full or partial
    rate funding of the cost of capital, most probably until the next LTP in the first instance
    when there will be more certainty on the future prospects for the Te Tumu urban growth
    area.
    - 2. This option would ensure Te Tumu related debt does not increase at an unsustainable rate due to compounding interest costs, but would not address funding of the core debt to address risks associated with Te Tumu, although this could be addressed through future decision-making eg through the 2027-37 Long Term Plan by which time the future prospects for Te Tumu will be better understood.
  - Option 3: General rate fund some or all of the Te Tumu capital costs.
    - 3. This would address risks associated with the Te Tumu funding share by paying down debt but would impose a greater burden on ratepayers to do so which is not aligned with the growth pays for growth philosophy. The financial impact on each rateable property would be approximately \$71 p.a. for 20 years for both transport and waters projects.
  - Option 4: Targeted rate some or all of the Te Tumu capital costs.
    - 4. A targeted rate would apply to Wairakei and the eastern part of Papamoa, probably from Domain Road eastward. The rate may be higher in Wairakei which is closer to the PEI and likely to receive greater benefit from its construction.
    - 5. This would address risks associated with the Te Tumu project by paying down debt but would impose a greater burden on ratepayers in Wairakei and Papamoa that directly benefit from these projects. It is again not well aligned with the growth pays for growth philosophy given the transfer of some funding away from Te Tumu.
  - Option 5: A mix of general and targeted rates to fund some or all of the Te Tumu capital costs.

Comments under options 3 and 4 apply to this option.

- 52. Further financial modelling and assessment of Options 3, 4 and 5 is covered in the section titled General and Targeted Rate Approach below. Option 2 is addressed further in the following paragraphs.
- 53. Table 3 below shows an estimate of the amount of interest that will accrue on the Te Tumu funded capex over the LTP period based on current budgets and a fixed interest rate of 6%.

Table 3: Te T	Table 3: Te Tumu - interest cost of debt by year											
			2024/25	2025/26	2026/27		2028/29		2030/31	2031/32	2032/33	
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
3 Waters	95	362	811	1,533	2,519	3,705	5,037	6,327	7,816	9,496	11,206	13,137
Transport	264	788	1,596	2,574	3,183	3,736	4,232	4,486	4,784	5,099	5,405	5,729
Total annual	359	1,150	2,407	4,107	5,702	7,441	9,269	10,814	12,600	14,595	16,611	18,866
Transport – cumulative	264	1,052	2,648	5,222	8,405	12,141	16,373	20,860	25,643	30,742	36,146	41,875
Total Cumulative	359	1,509	3,916	8,023	13,724	21,166	30,435	41,249	53,849	68,444	85,054	103,920

- 54. The approximate amount of Te Tumu related interest expected to be incurred for the transport activity up to the end of Year 3 of the 2024-34 period (i.e., 2026/27 financial period) period is \$8M.
- 55. If this amount was fully transferred to rates funded debt, then this would most likely be managed through the unfunded liability reserve. This means that the interest cost would be retired through rates from Year 4 of the LTP and funded over a 20-year period. Based on the current capex budgets and the above estimate of \$8.8M in interest costs this would be roughly \$720,000 per annum addition to rates. Although technically given that there is already rates budgeted into the liability reserve it will not add an additional rating impact but utilise the budgeted amounts from the reserve.

# **GENERAL & TARGETED RATE APPROACH**

- 56. In order to address Te Tumu funding risks, we have assessed a range of rating options. To do this we have examined the following key variables:
  - Projects to be included
  - Benefit areas
  - Other key assumptions

# Projects to be included

- 57. Staff established the following criteria to determine which projects should be included in a rating calculation.
  - Projects that have the majority of their expenditure in the first 3 years of the LTP (i.e., a
    greater degree of certainty over design and costs).
  - Excludes projects that are 100% Te Tumu funded (there must be some wider benefit)
  - Addresses water projects separately from Transportation projects due to the uncertainty around legislative reform.
- 58. Table 4 summarises the projects that meet these criteria. The individual project values are not shown as some of these projects are currently undergoing commercial negotiations (refer confidential attachment 5). The list of projects that meets the criteria and is reflected in Table 4 is set out below:

# Waters

- Main Wairakei Pump Station
- Opal Drive Pump Station
- Te Okuroa Dr and Papamoa East Interchange roading related stormwater

# **Transport**

- Designations in Papamoa
- Sands Ave Between Papamoa East Interchange and Te Okuroa Dr
- Te Okuroa Drive Sands Ave to Te Tumu
- Papamoa East Interchange (land purchase, design, Phases 1-3)
- Sands Ave The Boulevard to Te Okuroa Dr
- Intersection Sands Av and The Boulevard
- The Boulevard Stevenson Dr to Sands Ave
- The Boulevard Sands Ave to Te Tumu
- Wairakei Town Centre Bus Facility

Table 4: Summary of projects selected to be included in the calculation of a targeted rate

	Full cost of all	Te Tumu portion of	Full cost of all	Te Tumu portion	
Project Name	projects with a Te	the benefit to be	projects meeting	of the benefit to	
	Tumu benefit (\$M)	funded (\$M)	criteria (\$M)	be funded (\$M)	
3 waters projects	477.39	250.21	78.52	46.45	
Transportation projects	124.22	59.33	174.65	49.65	
Total	601.61	309.54	253.17	96.10	

# Benefit areas

- 59. All of the projects are physically located within the Wairakei growth area. Most of these already have a benefit allocated to Wairakei and/ or Papamoa growth areas.
- 60. Reviewing the selected projects, we identified common geographic areas of benefit. These were based upon proximity to the physical projects and direct improvements to the level of service through reduced congestion and/ or security of service levels. These are shown in Figure 1 below as:
  - Full Benefit area (Pink)
    - Directly benefit from projects
  - Wider benefit area (Yellow)
    - Do receive some benefit, but this is less than those living closer to the infrastructure.
  - Wider city (blank)
    - More limited benefit

The Manager South Palm South South South South Baypark-Kairus Crawatt Boach North Boach South Gravatt Boach North Gravatt Boach South Gravatt Boac

Figure 1: Benefit areas identified

# Other Key Assumptions

- 61. While the Te Tumu development has been considerably delayed, it is still expected to eventuate. It is therefore not considered appropriate to recover all of the debt costs and allow future Te Tumu developers and homeowners to have free access to this infrastructure. We have currently recommended that 50% of the Te Tumu funding is recovered from this targeted rate.
- 62. We have estimated the rates charge based on a 20-year timeframe until Te Tumu development is expected to commence. It is assumed that Te Tumu would not be subject to the targeted rate but would instead pay their residual share through development contributions.
- 63. The projects are all largely local infrastructure (as opposed to Citywide) and we have traditionally charged local infrastructure as a flat charge. This is because this infrastructure is required, whatever might be built upon a site. For this reason, we have calculated the rate as a flat charge per property, as opposed to being based on property values (ie CV). For the same reasons we are not recommending a commercial / industrial differential.
- 64. It is recommended that a targeted rate option is consulted upon as part of the 2024-34 LTP, for implementation in Year 1. The issue is known now, and it is recommended that Council proceed to address it.
- 65. Based on the criteria and assumptions outlined above we have calculated a targeted rate based upon:
  - A targeted rate across everyone in the city
  - A targeted rate across only the benefit area identified
  - A targeted rate that is a combination of both of these.

# 66. Charging the targeted rate across the whole city.

Table 5: Charges spread evenly across the city

		Annual Targeted Rate (\$) 2025						
Project Name	Across Fu	ll benefit	Acros	ss Wider				
	area		Bene	efit area	Across City			
3 waters projects	\$	34.40	\$	34.40	\$	34.40		
Transportation projects	\$	36.77	\$	36.77	\$	36.77		
Total	\$	71.17	\$	71.17	\$	71.17		

67. Charging the targeted rate only across areas that benefit from the projects (evenly charged between full and wider benefits)

Table 6: Charges spread evenly across benefit area

		Annual Targeted Rate (\$) 2025						
Project Name	Across F	ull benefit	Acro	ss Wider				
	area		Bene	efit area	Across City			
3 waters projects	\$	246.60	\$	246.60	\$	-		
Transportation projects	\$	263.57	\$	263.57	\$	-		
Total	\$	510.16	\$	510.16	\$	-		

68. Charging the targeted rate only based on varying levels of benefit across areas (with double the rate charged to the full benefit area compared to the wider benefit area)

Table 7: Charges spread across benefit area, but double in full benefit catchment

		Annual Targeted Rate (\$) 2025					
Project Name	Across	Full benefit	Acro	ss Wider			
	area		Ben	efit area	Across City		
3 waters projects	\$	284.17	\$	142.08	\$	-	
Transportation projects	\$	303.72	\$	151.86	\$	-	
Total	\$	587.89	\$	293.94	\$	-	

69. Charging the targeted rate across the whole city based on varying levels of benefit (double in wider benefit area, and triple in full benefit area)

Table 8: Charges spread across city but double in wider benefit area, and triple in full benefit catchment

	Annual Targeted Rate (\$) 2025						
Project Name	Across F	Across Full benefit		oss Wider			
	area		Ben	efit area	Across City		
3 waters projects	\$	83.09	\$	55.39	\$	27.70	
Transportation projects	\$	88.81	\$	59.21	\$	29.60	
Total	\$	171.90	\$	114.60	\$	57.30	

70. These are all estimated charges and would change based on changes to projects scope and costs, rates of growth compared to expected and changes in other assumptions.

# **RECOMMENDED OPTION**

- 71. It is recommended that Council confirm the calculation of a targeted rate based upon:
  - 50% of the Te Tumu portion of the selected projects
  - Transport projects only given the uncertainty around the timing of proposed waters reform, noting that if this is significantly delayed we would look at options to include future water charges.
  - A flat charge (ie not based on CV) per ratepayer across the city with a higher charge (double) for this in the wider benefit area and (triple) for those in the full benefit area
- 72. This equates to the transportation projects targeted rates outlined in Table 8 above.

# **FINANCIAL CONSIDERATIONS**

73. As outlined above, the targeted rate calculated is not expected to remove all Te Tumu debt but will considerably reduce this. This financial impact is expected to have the following impact (compared to Table 2 above) as shown in the transportation projects row of Table 9. Waters project debt would transfer to a three waters entity.

Table 9: Likely Impact on Te Tumu debt through to 2045

	Future Te Tumu	Te Tumu portion in	Te Tumu portion in	
Project Name	Debt portion	20 years if no	20 years if use	
	(before interest) \$M	targeted rate (\$M)	targeted rate (\$M)	
3 waters projects	250.21	552.24	463.52	
Transportation projects	59.33	183.15	88.33	
Total	309.54	735.39	551.85	

74. All of the rating options set out in tables 5 to 8 have the same impact on Council debt. The options only change which ratepayers contribute to this repayment.

# STRATEGIC / STATUTORY CONTEXT

75. The Papamoa East Interchange, Opal Drive Wastewater Pump Station and other related transport and three waters projects are key infrastructure requirements to enable development of Wairakei and Te Tumu in accordance with SmartGrowth's strategic growth strategy as agreed through the SmartGrowth Urban Form and Transport Initiative.

# **LEGAL IMPLICATIONS / RISKS**

- 76. There are a range of risks associated with the development of Te Tumu, especially financial risks and legal risks associated with planning processes. These are outlined earlier in the report.
- 77. Confidential Attachment 2 outlines the relevant commitments between TCC and Bluehaven.
- 78. The requirements around the establishing a new rate will need to be followed including consultation through the draft 2024-34 Long Term Plan.

# **CONSULTATION / ENGAGEMENT**

- 79. Engagement with the developers of the Sands Town Centre in Wairakei is ongoing. As per the provisions of the Developer Agreement set out earlier in the report, the developer has strongly advocated for the Papamoa East Interchange as a catalyst for development of the town centre. TCC has entered into certain obligations to deliver the interchange which are subject to tender costs, broader financial risks and progress with the TTK14 Trust.
- 80. Engagement with the Te Tumu Landowner Group is also ongoing. This group is supportive of the delivery of the Papamoa East Interchange. This group's key concern is around the financial implications of Te Tumu related interest costs on projects like the Papamoa East

- Interchange being incorporated into a future Te Tumu development contribution charge. A commitment was previously made to bring this matter to Commissioners for decision-making as part of the 24-34 LTP, and it is now addressed within this report.
- 81. Engagement on the recommended rating approach would occur through the draft 2024-34 LTP.

# **SIGNIFICANCE**

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

# **ENGAGEMENT**

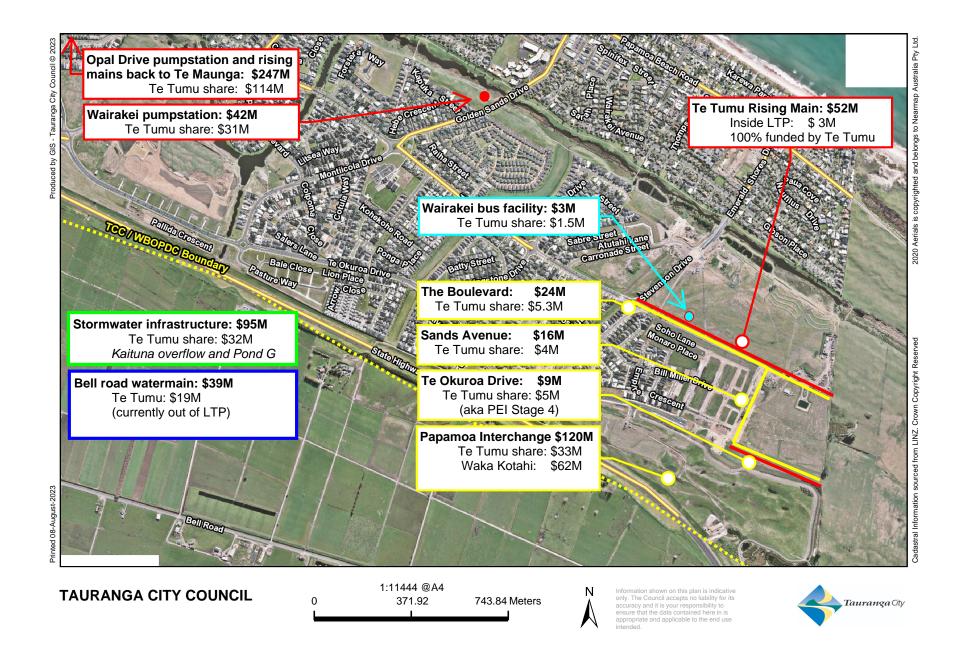
85. Taking into consideration the above assessment, that the issue is of high significance, officers are of the opinion that no further engagement is required prior to Council making a decision due to the extensive amount of engagement that has already been undertaken. The views of the relevant parties are well understood. Any decision on how Te Tumu related financial risks will be addressed, including through general or targeted rates, would be consulted on through the draft 2024-2034 LTP.

# **NEXT STEPS**

- 86. Commissioners make decisions on whether to proceed with construction of the interchange and the pump station.
- 87. Staff to incorporate decisions on addressing Te Tumu related funding risks in the upcoming draft 2024-34 LTP for consultation.
- 88. Staff discuss this matter with the Waters Reform National Transitional Unit.

# **ATTACHMENTS**

- Excerpt of Council Resolutions relating to PEI from December 2022 A14921158 -Public Excluded
- 2. Excerpt of key terms relating to the Papamoa East Interchange from Wairakei Development Agreement A14921152 Public Excluded
- 3. Confidential Legal Advice A14983677 Public Excluded
- 4. Plan showing Te Tumu funded infrastructure in Wairakei A14929803  $\downarrow$
- 5. Detailed list of Te Tumu Funded Capex Projects A14983661 Public Excluded



# 11.7 Draft Financial Information for the 2024-34 Long term Plan

File Number: A14980899

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Authoriser: Paul Davidson, Chief Financial Officer

# **PURPOSE OF THE REPORT**

1. The purpose of this report is to present the Draft Financial Information for the 2024-34 Long Term Plan (LTP) including:

- (a) Financial Strategy
- (b) Revenue and Financing Policy
- (c) Funding Needs Analysis
- (d) Financial Statements and supporting financial documentation
- 2. Council agreement is sought to submit these documents for audit prior to consultation as part of the LTP consultation process.

# **RECOMMENDATIONS**

That the Council:

- (a) Receives the report "Draft Financial Information for the 2024-34 Long term Plan".
- (b) Approves for submission to Audit the following material:
  - (i) Funding Needs analysis
  - (ii) Revenue and Financing Policy
  - (iii) Financial Strategy
  - (iv) Supporting Financial Information
- (c) Approves the inclusion of changes approved by resolution arising following the preparation of the documents in resolution (b) to be updated in the appropriate documents prior to submission to Audit New Zealand.

## **EXECUTIVE SUMMARY**

- 3. Legislative requirements for preparation and consultation on council's LTP are prescribed by The Local Government Act 2002 (LGA). Council is required to prepare financial material for consultation along with the consultation document. This material is subject to Audit prior to finalisation of the consultation document and other strategies and policies as required under the LGA for consultation.
- 4. In addition to required documents Council can prepare supporting documentation to the consultation document. Where possible Council presents this supporting documentation in the format required for the final LTP.
- 5. Further amendments have been made to the Draft Revenue and Financing Policy and the Funding Needs Analysis that were approved by Council subject to legal review. These amendments now incorporate rationale and proposals to consult on introduction of a new targeted rate for swimming pools and a proposal for a new industrial rating category.

- 6. A draft Financial Strategy has been prepared in accordance with section 101A of the LGA.
- 7. Draft financial statements are also provided as supporting documentation.
- 8. All of the documents referred to in this report have been prepared based on all decisions up until the date of this meeting. Any subsequent changes adopted within the meeting will be incorporated prior to information being supplied to Audit New Zealand.

# **BACKGROUND**

- 9. At the council meeting on 21 August 2023 Council approved the draft Revenue and Financing Policy and Funding Needs Analysis subject to legal review with the documents to be presented back to Council on 11 September as part of the supporting information to the 2024-34 Long-term Plan Consultation Document.
- 10. Also at the 21 August council meeting, Council approved for consultation a number of rating changes including: the proposal of a new rating category for industrial properties in the development of the LTP; adoption of a proportional contribution of each category over time; and a new targeted rate for properties with swimming pools to cover the costs of regular swimming pool inspections and replace the current periodic inspection charges.
- 11. Amendments have been made to the Funding Needs Analysis and Revenue and Financing Policy to reflect these changes and a legal review has been undertaken. The final drafts of these documents are included as Attachment 1 and 2 to this report.
- 12. Under section 101A of the LGA, Council is required to prepare a Financial Strategy for the 10 years of the LTP. The purpose of this strategy includes to provide a guide and context for council's proposals for funding and expenditure and to provide transparency on the overall effects of its LTP proposals on Council's services, rates, debt and investments. The draft financial strategy is included as Attachment 3 to this report.
- 13. In addition to the high-level financial summaries provided in the consultation document and Financial Strategy, more detailed financial statements are provided, in particular the Statement of Comprehensive Revenue and Expense (SOCRE)
- 14. The basis of the financial statements is that waters reform occurs from 1 July 2026. The financial statements aim to substantially reflect this change from year 3 of the LTP. However, the full divestment accounting requirements are not yet reflected in the statements and are awaiting Government and Taituara advice on accounting treatment. Most of the operating impact of three waters divestment is represented in the SOCRE, but balance sheet changes (Statement of Financial Position) have not been made. For this reason, the Statement of Financial Position is only shown for the first two years of the LTP.
- 15. It is expected that the accounting treatment will be known and applied to TCC accounts in time for the consultation process. However, it is noted that financial statements are not a compulsory requirement for consultation.

# STRATEGIC / STATUTORY CONTEXT

16. The LGA Subpart 3 Financial Management contains requirements regarding financial management and strategies and policies required to be prepared for the LTP.

# **OPTIONS ANALYSIS**

- 17. Council is required to approve supporting documentation for the consultation document on the LTP. Council must include the Funding Needs Analysis, Revenue and Financing Policy and Financial Strategy in this documentation.
- 18. Further supporting financial information is also presented summarising the high-level financials.
- 19. Council has an option to not include this additional financial information. The advantages of including the information is that it provides further detail behind the high level financials

provided in the consultation document and financial strategy and information of budgeted expenditure by groups of activities.

# **FINANCIAL CONSIDERATIONS**

20. The draft financials will be presented to Audit New Zealand to be reviewed as part of the audit of the consultation document for the LTP.

# **LEGAL IMPLICATIONS / RISKS**

21. The Funding Needs Analysis, Revenue and Financing Policy, and LTP all underpin the process of rating the community to fund the proposals of the LTP. To legally rate the community, Council must have complied with these legislative processes and considerations.

# **CONSULTATION / ENGAGEMENT**

22. Consultation on the draft Revenue and Financing policy must be undertaken in under section 102 of the LGA. Consultation is proposed on the consultation document for the LTP with reference all the financial attachments as supporting policies or documentation to help inform public submissions on the consultation document for the long-term plan.

# **SIGNIFICANCE**

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

# **ENGAGEMENT**

26. Taking into consideration the above assessment, that the matter is of high significance, officers are of the opinion that the following consultation/engagement is suggested/required under the Local Government Act 2002.

The material will be prepared as supporting documentation to the consultation document on the Long-term plan. It will be made available on the TCC website and referenced in the consultation document where feedback from the community will be sought.

# **NEXT STEPS**

27. Audit will review the supporting documentation approved in this report. Staff will also provide updated financials to reflect other decisions made at this meeting prior to finalising the audited information for consultation with the community in October 2023.

# **ATTACHMENTS**

- 1. DRAFT Revenue and Financing Policy 2024 PDF Tracked Changes A14931958 🗓 📆
- 2. Financial Strategy 2024-34 draft for consultation A14974391 4
- 3. DRAFT Funding Needs Analysis 2024 Revenue and Financing Policy A14426953 4

4. Supporting Financial info at 28 Aug - A15004145 🗓 📆

# DRAFT REVENUE AND FINANCING POLICY 2024



Policy type	Council		
Authorised by	Council		
First adopted	TBD	Minute reference	TBD
Review date	2026		

#### 1. PURPOSE

The Revenue and Financing Policy sets out the funding sources for Council's activities over the next 10 years and the rationale for these choices.

The policy documents how Council has complied with section 101 (3) of the Local Government Act 2002 (LGA). The comprehensive section 101(3) analysis that sits behind this policy is documented separately in the Funding Needs Analysis.

# 2. PRINCIPLES

The following key principles guide the determination of funding sources.

**Accessibility** – that Council facilities and services should be accessible to as many people as possible.

**Affordability** – both that Council facilities and services should, wherever possible, be affordable to users and that rates should, to the extent possible, be affordable to ratepayers.

**Benefit** – that those who benefit from a Council facility or service should contribute to the costs of that facility or service, during the period in which the benefits are expected to occur.

**Exacerbators** – that those who contribute to the need for a Council facility or service should contribute to the costs of that facility or service.

**Practicalities** – the funding of operating and capital expenditure should take account of the practicalities and efficiencies of the available funding methods.

Council must apply judgment in assessing many options to determine the appropriateness in its development of budgets or acquisition of assets and the choice of funding sources to implement these.

The key principles of fees and charges are:

- User pays
- · Fair and equitable
- · Consistent across council
- · Reflects capital investment
- · Simple to administer and understand
- · Captures non ratepayer users of TCC amenities
- · Enables demand management
- · Reflects "value" of assets and environment

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#### 3. OPERATING EXPENDITURE

**Operating expenditure (Opex):** is the money spent on the ongoing day to day activities and services of the Council. This includes contributions to the wear and tear on assets used (depreciation), interest charges on borrowing for capital projects and corporate overheads. Operating expenditure will be funded each year in accordance with the adopted Annual Plan and Budget.

With regard to OPEX, the following information should be considered;

Balanced budget – In accordance with section 100 of the LGA, Council will set each year's projected operating revenues at a sufficient level to meet the year's projected OPEX, except in limited situations where Council considers it prudent not to do so.

Loans Funding OPEX – Loans will not be used to fund OPEX, unless it is otherwise resolved by Council. Council may resolve to use loans to fund OPEX where the expenditure provides benefits, including outside the year of operation, such as community grants for assets. Council may also use loans if unexpected events (e.g. pandemic, natural disaster) create the need for loan funding some OPEX due to changes in expected revenue and or expenditure.

At financial year-end, any surplus will be used for debt retirement or Council may choose to contribute to risk reserves or other use if resolved by Council. A deficit will be funded through loans.

# 4. FUNDING SOURCES FOR OPERATING EXPENDITURE

Tauranga City Council may use all of the following sources to fund operation costs, the most common are explained below:

- a. User charges
- b. Grants, sponsorship, subsidies, and other income
- c. Proceeds from asset sales
- d. Lump sum contributions
- e. Investment income
- f. Financial contributions
- g. Reserve funds
- h. Borrowing
- i. Rates
  - General rates
  - Targeted rates

The most common funding sources we will use for operating costs are

- j. User fees and charges;
- k. General rates;
- Targeted rates;
- m. Grants, sponsorship, subsidies, interest revenue, borrowing; and
- n. Overhead allocation
- o. Loans.

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#### TARGETED RATES

Targeted rates are explained below under section 7.

#### GRANTS, SUBSIDIES, INTEREST REVENUE, BORROWING & OTHER

Grants, sponsorship and other subsidies will be used where they are available. Some of this funding is regular and predictable and therefore can be budgeted. Other funding in this category will be unexpected and cannot be predicted. Subsidies, grants and sponsorship and other income options will be explored prior to rates being used. In activities where there is a surplus, we may earn interest revenue on that surplus.

Interest on depreciation reserves and interest on sinking reserves will not be used to fund operating expenditure.

#### **FEES & CHARGES**

Where Council considers there is a clearly identified relationship between users and the services provided, particularly with an immediate benefit, it will implement fees and charges for that activity. Charging user fees reflects the private benefit of an activity, and the use of fees and charges may be balanced with other funding sources which recognise a public benefit. We set our fees and charges annually to reflect increases in costs or changes to charging structures.

#### **GENERAL RATES**

General rates are explained below under section 7.

#### OVERHEAD ALLOCATION

Overheads are recovered from the organisation through internal charges (overhead expenditure charged by allocation to other activities). For example, Support Services and Community, People and Relationships activities are primarily funded through the other activities. The majority of this expenditure (85-90%) is funded by rates.

Borrowing – Accounting requirements restrict the point at which elements of investment in assets can be recognised as capital spend. These include planning, consultation and communication and early stages of design. There are also restrictions on when digital expenditure to develop or integrate software can be recognised as an intangible asset. In these cases council will loan fund this expenditure and retire associated debt over the likely life of the benefit of that asset in the same way as it would capitalise expenditure on an asset and then depreciate that asset.

Table 1 shows how Council will fund its operating expenditure by activity. This has been determined by assessing the activities against the requirements of section 101(3) of the LGA.

# <u>KEY</u>

The key below explains the extent of each funding source used. Grants, subsidies and sponsorship have the potential to be used across all activities if available. These ranges are expressed as a percentage of the cost of the activity.

Council budgets will normally be set within these indicative ranges. As these ranges are expressed as a percentage of the cost of the activity, they may change over time because of changes in expenditure rather than changes in revenue. If budgets were marginally (less than 10%) outside these ranges it is unlikely that Council will consider that matter to have a high degree of significance and therefore warrant a consultation to change the Revenue and Financing Policy.

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Name	% Range	Key
Unlikely	0%	*
Low	0-30%	<b>√</b>
Medium	30-70%	<b>✓</b>
High	70-100%	✓
Potential to be used		<b>√</b>

Table 1: Summary of Operating Expenditure Funding Sources by Activity\*



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Activity Group	Activity	User fees and charges	General rates	Targeted rates	Grants, subsidies, interest revenue, & borrowing	Overheads
City and Infrastructure Planning	City and Infrastructure Planning	✓	<b>✓</b>	*	*	*
Community, People	Includes:					
and Relationships	Democracy Services, Customer Service, Community Relations, and Te Pou Takawaenga	✓	*	×	✓	✓
Community Services	Arts and Culture	✓	✓	×	✓	×
	Venues and Events	✓	✓	✓	✓	×
	City Centre Development	×	✓	✓	✓	×
	Community Development	×	✓	×	✓	×
	Libraries	✓	✓	✓	<b>√</b>	×
Economic Development	Airport	✓	*	×	✓	×
	Economic Development	*	×	✓	✓	×
Emergency Management	Emergency Management	×	✓	✓	✓	*
Marine Precinct <sup>1</sup>	Marine Precinct	✓	×	×	✓	×
Regulatory and Compliance	Animal services	✓	✓	×	✓	×
	Building services	✓	✓	✓	✓	×
	Environmental Planning	<b>√</b>	<b>√</b>	×	✓	×
	Environmental Health and Licensing	<b>√</b>	<b>√</b>	×	✓	*
	Regulation Monitoring	✓	<b>√</b>	*	✓	×
Spaces and Places	Cemeteries	✓	×	×	✓	×
	Beachside Holiday Park	✓	×	×	✓	×
	Marine Facilities	✓	✓	×	✓	*
	Spaces and Places	✓	✓	✓	✓	×
Stormwater	Stormwater	✓	✓	✓	✓	×
Flood Protection	Flood protection	×	✓	✓	×	×

<sup>&</sup>lt;sup>1</sup> It is Council's intention to dispose of the Marine Precinct prior to 1 July 2024, and therefore disestablish this activity. In the event of a delay, the intended funding of the activity is as shown in this policy.

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Activity Group	Activity	User fees and charges	General rates	Targeted rates	Grants, subsidies, interest revenue, & borrowing	Overheads
Support Services **	Includes: Asset Services, Capital Programme Assurance Division, Digital Services, Finance, Legal, Risk and Procurement, Human Resources, Property Management, Strategy and Corporate Planning, Strategic Investment & Commercial Facilitation	<b>✓</b>	<b>√</b>	<b>√</b>	*	<b>✓</b>
Sustainability and Waste	Sustainability and Waste	✓	<b>√</b>	<b>✓</b>	✓	×
Transportation	Transportation	✓	✓	✓	✓	*
Wastewater	Wastewater	✓	×	✓	✓	*
Water Supply	Water Supply	<b>√</b>	×	✓	✓	*

<sup>\*</sup> If budgets were marginally (less than 10%) outside these ranges it is unlikely that Council will consider that matter to have a high degree of significance and therefore warrant a consultation to change the Revenue and Financing Policy.

# 5. CAPITAL EXPENDITURE

**Capital expenditure (CAPEX):** is the money spent on creating or maintaining property, plant and equipment (for example bridges, libraries and swimming pools). Council has 3 types of capital expenditure.

- Level of service: capital expenditure that is not growth related shifts level of service
- Growth: growth related capital expenditure required to provide additional capacity
- Renewals: capital expenditure that increases the life of an existing asset with no increase in service level

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<sup>\*\*</sup> Support Services and Community, People and Relationships activities are primarily recovered through the other activities listed above

Table Two below sets out how the 3 types of capital expenditure will be funded.

Council does not fund its capital costs on an activity-by-activity basis.

Due to borrowing covenants constraints, rates and user fee funded debt retirement may be required to enable further capital expenditure.

A capital project is expected to contribute to community outcomes in the same way as the activity in which it is funded unless Council resolves otherwise.

Capital expenditure benefits the same groups as the operating expenditure for each activity.

**Table 2: Funding Sources for Capital Expenditure** 

New capital expenditure (not growth related)	Renewals expenditure	Growth-related capital expenditure			
Preference 1					
Other external sources, including government or other grants, for example Waka Kotahi grants, TECT grants, national or regional/subregional funding.	Other sources, where available for example Waka Kotahi grants.	Other sources, where available for example Waka Kotahi grants, national or regional/ sub regional funding.			
	Preference 2				
Reserves     Asset sales     Infrastructure Funding and Financing (IFF)	Deprecation Reserves     Asset sales	Development/Financial Contributions     Asset sales      Infrastructure Funding and Financing (IFF)			
	Preference 3				
Loans funded through general or targeted rates, user fees, activity surpluses     Asset realisation reserve.	Loans     Asset realisation reserve	Loans     Depreciation Reserves where there is a renewal portion of capital projects.     Targeted rates or general rates, user fees, or activity surpluses may also be considered for the portion of capital that offers wider benefit or where there has been an under collection in Development Contributions.     Asset realisation reserve			

# **DEPRECIATION**

Depreciation is the accumulated funds retained by each activity from the depreciation on all Council's fixed assets (excluding land). Within each of Council's activities, revenue is raised to fund the depreciation expense, and the money is transferred to a depreciation reserve for that activity. Renewals are funded through this reserve and activity debt is regularly retired based on a set % of the activity debt.

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#### DEVELOPMENT AND FINANCIAL CONTRIBUTIONS

Development contributions fund growth related capital expenditure over the planning period for an urban growth area, or the capacity life of the project (e.g. the number of years until a pipe reaches capacity and a new pipe has to be built) or the period over which benefits are expected to be provided by the assets resulting from the capital expenditure (limited to a reasonable period in the case of perpetual assets such as land).

Situations in which Council will require a Financial Contribution are set out within Council's operative Development Contributions Policy and are payable in accordance with the relevant provisions of Chapter 11 of the Tauranga City Plan.

#### 6. OVERALL FUNDING CONSIDERATIONS

Council is required by section 101(3)(b) of the LGA to consider the overall impact of the allocation of liability for revenue needs on current and future social, economic, and cultural well-being of the community. It allows Council, as a final measure, to modify the overall mix of funding that would otherwise apply after the 101(3)(a) analysis.

Council has continued the fair and equitable funding review of all funding sources, including rates, initiated in the previous Long-Term Plan, including the review of the allocation of rates over all rating categories.

In addition to the section 101(3)(a) considerations, particularly where it has been identified that Industrial properties have greater benefit from, create a greater demand on and cause greater need for council expenditure in many activities, particularly Transportation and Planning, which supported the introduction of a differential for industrial properties at a level greater than for Commercial properties, the Council considering the following section 101(3)(b) matters. An overall impact of rates liability on the industrial sector greater than for the Commercial sector reflects the sector's greater impact on overall amenity values in the City. The level of differential proposed is in line with levels of rating of industrial properties in comparable metropolitan centres and reflects relative ability to pay as between Commercial and Industrial activities.

# 7. RATES

When determining a rate Council in the exercise of section 101(3)(a) and (b) of the LGA will seek to reflect the following:

- Fairness and equity; in that those who benefit or contribute to costs contribute to the funding of the activity and due consideration is given to the ability to pay.
- Transparency in that rating is clear and readily understandable.
- · Simplicity and cost-effectiveness; in administration and implementation

# **VALUATION BASIS**

Council will set the general rate on the basis of capital value. Council considers that capital value better reflects the level of benefit a property is likely to receive from services rather than land or annual value. Council is setting the general rate differentially (see 'Rates Differentials').

## **UNIFORM ANNUAL GENERAL CHARGE**

Council will set and assess a Uniform Annual General Charge for each separately used or inhabited part of a rating unit. Every rating unit will make a minimum contribution to

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council's costs. Council sets the Uniform Annual General Charge, and other rates set on a uniform basis, excluding wastewater, at around 10% of the total rates requirement to assist with affordability for lower value properties.

### **RATES DIFFERENTIALS**

Differential rating means that some ratepayers will have a higher general rate in the dollar than other ratepayers. This is to balance the overall impact of rates allocation for revenue needs on the whole community. Council considers that some land uses receive more benefit from, or place more demand on, council services and/or may have a differing ability to pay rates. The differentials will be determined based on location or land use on the activities that are permitted, controlled or discretionary for the area in which the land is situated. Council currently has a rating differential charged on commercial rating category properties capital value of 2.1 times the rate charged on residential rating category property.

On the above basis, and after considering the overall impact on the community, council is proposing to introduce a new rating category for industrial properties. Efollowing evidence aroundregarding roading costs from commercial and industrial uses and from heavy vehicles in particular, andalong with consideration of other well-being impacts including congestion and safety, provides justification for a higher differential for the proposed industrial category. The new rating category will be defined as land whose primary use is industrial, port, transportation or utility networks. Utility networks such as power and telecoms use the road corridor for their services and regularly disrupt transportation when maintaining their networks. The differential is proposed to be 2.7 initially in the first year of the ILong-term pPlan and both the commercial and industrial rating categories will increase over years 2-4 of the long term plan to reach a percentage share of general rates by category of approximately 65% residential, 15% commercial and 20% industrial.

there will be a commercial differential on the general rate and targeted rates for stormwater, transportation, community and resilience to the effect that the rates in the dollar on Commercial properties are higher than on other properties. Initially, the Commercial Differential will be a factor of 1.6 on the base rate. This is greater than the previous factor and could be subject to further review in years two and three of this long term plan through the annual plan consultation.

## TARGETED RATES

Council will use targeted rates to appropriately charge those who directly benefit from or use the service, where this can be determined, or when it wants to ring fence funding collected. Targeted rates are chosen where the services provided are specific to a particular community or area and it is not considered fair to charge all ratepayers.

Targeted rates may also be used where council wishes to incentivise development in areas where infrastructure investments have been made and/or provide more certainty over the timing of payments for those investments. Targeted rates may also apply universally to fund a specific group of activities projects or outcomes where a

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greater degree of transparency, accountability, and/or and ring fencing of funding is desired.

Council is proposing to introduce a new targeted rate for pool owners to replace the current pool safety inspection fee, and spread the cost over three years on pool owners rates invoices.

The existing Stormwater targeted rate will be renamed Flood protection as this conforms with the Government requirements relating to three waters reform which leave only flood control responsibility with councils.

Due to borrowing covenant constraints, targeted rates may also be used to fund debt retirement to enable further capital expenditure, or for the portion of capital that offers wider benefit or where there has been an under collection in development contributions.

#### 8. TE TURE WHENUA MĀORI PRINCIPLES

This Policy supports the principles set out in the Preamble to Te Ture Whenua Māori Act 1993. These principles include recognition that land is a taonga tuku iho of special significance to Māori, and for facilitation of the occupation, development, and utilisation of that land for the benefit of its owners, their whānau, and their hapū.

Council considers that this policy supports those principles, particularly when viewed in conjunction with Council's Policy on Remission and Postponement of Rates for Māori Freehold Land, Council's Development Contributions Policy, and Papakāinga Housing Grant Policy. The Council operates within Te Ahunga Ao Māori (Te Ao Māori approach) – a commitment to understand and apply key Māori concepts to enhance outcomes for our communities, thereby bringing to life the principles of Te Tiriti o Waitangi.

## 9. RELEVANT DELEGATIONS

The implementation of this Policy is delegated to the Chief Executive and/or his/her sub-delegate.

## 10. REFERENCES AND RELEVANT LEGISLATION

The Funding Needs Analysis for the Revenue and Financing Policy 2024-2034, provides the background and analysis to explain the funding decisions made by Council.

The following legislation directs this policy:

- Local Government Act 2002: Section 101, 102, 103.
- Te Ture Whenua Māori Act 1993

This policy is also supported by the following policies:

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- Funding Depreciation and Use of Depreciation Reserves
- Development Contributions
- City Investment Partnerships
- Strategic Property
- Rates Remission
- Rates Postponement
- Rates Remission and Postponement on Māori Freehold Land
- Grants for Development Contributions on Papakāinga Housing Policy



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## THE 2024-34 LONG TERM PLAN FINANCIAL STRATEGY

#### **INTRODUCTION**

The Financial Strategy outlines how we propose to fund and finance the capital investments and services needed for the city over the period of the 2024-34 Long-term Plan (LTP). The strategy builds on the work of the Funding Needs Analysis and Revenue and Financing Policy undertaken in accordance with section 101 of the Local Government Act 2002. This strategy outlines proposals for funding the capital and operating expenditure proposed in the LTP and its implications for rates, fees and charges, debt and capital investment.

### **BACKGROUND**

Tauranga is New Zealand's fifth-largest city and growing fast. In 2018 we had a population of 142,000. Right now, 161,000 people call Tauranga home. Our city is projected to continue to grow at this fast pace. By the end of this LTP in 2034, the population is projected to be 185,000. Currently there are about 61,000 rating units across both residential and commercial and industrial categories

Tauranga City Council (TCC) is one of New Zealand's most indebted councils with total debt of \$1.1b expected at the commencement of the LTP. TCC's relatively high level of borrowing has been undertaken to build infrastructure to cater for rapid population growth. Infrastructure has been prioritised for roads and three waters to enable more houses. More people and businesses have put pressure on community amenity and the transportation network, but these areas have not been priorities for investment to date. These areas are now beyond capacity and substantial additional capital expenditure is required. The impact of this going forward in the LTP is increasing debt and higher operating costs which flow through to rates, user fees and other charges.

TCC's current credit rating from Standard and Poors is A+. As with all council's TCC's credit rating is favourable relative to private organisations primarily because of council's ability to charge rates. Compared to non-government agencies A+ is a strong rating enabling council to access competitive interest rates for its borrowing.

## **Factors Impacting Council**

During the next ten years, we are expecting the following factors to have a significant impact on Council:

- Borrowing and revenue constraints on council and its ratepayers, limiting Council's ability to fund much needed infrastructure
- The need to partner with other agencies, people and businesses to achieve joint outcomes and coordinate financial input for capital investment in infrastructure and services
- The impact of continued growth in both population and economic activity including:
  - o demand for more housing
  - stress on the transport network, congestion, reduction in wellbeing including safety and uncertainty in travel times, and the loss in economic productivity as a result
  - demand pressures on community spaces and facilities
- Managing and responding to natural hazards, emergencies and climate change, including future investment in resilience of our infrastructure and assisting the community when events occur

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- The need to renew and upgrade existing infrastructure to meet government standards and consent requirements and to maintain levels of service
- The assumption that after year two of the LTP, Water Services Reform will move to a larger (regional) entity outside of Council. We will retain a more limited flood control activity and need to coordinate with the new entity for future growth and infrastructure planning.

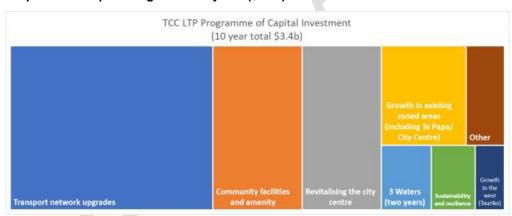
### **Expenditure - Priority Investment**

The priority areas for capital investment proposed in this LTP are a continuation of our priorities established in the previous LTP 2021-31:

- Revitalising the city centre
- Growth in the west (Tauriko)
- Growth in existing zoned areas (including intensification in Te Papa/city centre)
- · Community facilities and amenity
- Transport network upgrades
- · Sustainability and resilience

Total **capital investment excluding vested assets of \$3.4b** is proposed for the LTP. Graph 1 summarises the expenditure proposed by priority area.

Graph 1: LTP Capital Programme 10 years (\$3.4b)



A summary of the capital investment requirements is outlined in **Appendix 1 - Capital Summary**. The thirty-year capital programme is outlined in the infrastructure strategy (excluding three waters investment of approx. \$100m per annum after year 2 of the LTP).

Associated **operational investment** is required to enable council to meet this step change in capital delivery by building capacity within our organisation and with our contracting partners. Impacts on operational expenditure are covered In **Appendix 2 – Operational Summary.** 

## **Borrowing for Capital Expenditure and Impact on Debt**

The capital programme is \$3.4b over the 10 years of this long-term plan.

2

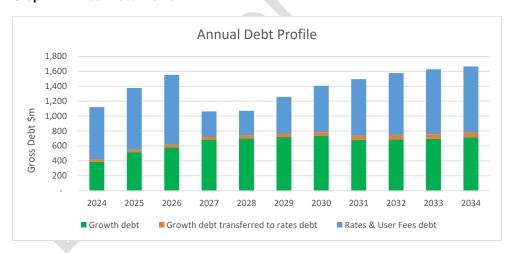
Capital investment contributes to community outcomes over time. Council can choose to target specific groups who benefit specifically from the expenditure (eg growth) or distribute the funding across the community. Because these assets benefit the community over many years it is fair to use borrowings to pay for them. This means that future users pay their fair share of the cost of the asset.

Council has a strong credit rating of A+ and therefore can borrow at relatively low cost compared to private businesses. We ensure we do not borrow too much over time by complying with our borrowing limits. These limits are set conservatively, based on the limits determined by the Local Government Funding Agency (LGFA) and adopted by all member councils.

One of the key limits is the debt to revenue ratio, ensuring that we maintain debt levels of no more than 2.8 times our revenue. In this LTP TCC maintains a financial position well within these limits.

Graph 2 below shows the total level of debt in each year of the Long-term plan. Total debt peaks at \$1.6b by 2034.

Offsetting the increase in borrowing to fund capital is an assumption that three waters is transferred to a separate entity in year three of the plan and Council is repaid all outstanding debt (estimated at \$570m). Our debt in July 2024 is assumed to be \$1.2b, increasing to \$1.6b by the end of the ten years.

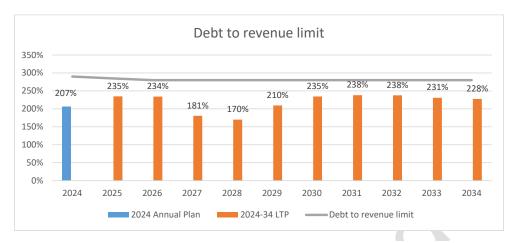


**Graph 2: Annual Debt Profile** 

Graph 3 below shows that we maintain a financially sustainable debt to revenue ratio based on the financial assumptions in the draft budget. The grey line shows the limit of the debt to revenue ratio as set by LGFA, and the bars show the ratio that is associated with the capital programme, noting that this is after adjusting for expected government grants and use of IFF levies for both transport and city centre projects. At the maximum shown below of 238% we remain under the 280% limit, with considerable head room available to deal with unforeseen circumstances if required.

Graph 3: Debt to revenue ratio against proposed borrowing limit

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The funding sources for capital are important to the financial sustainability of the LTP. Funding sources are discussed in the next section.

## APPROACH TO FUNDING AND FINANCING

## Principles of funding and financing Council's LTP

The financial strategy aims to provide the financial framework underlying the proposed expenditure and funding of the LTP. This financial strategy is underpinned by principles of:

- Financial prudence. Council services and investment in infrastructure are cost efficient and are an effective way of achieving the identified community outcomes.
- Financial sustainability. The Council's activities must be financed and funded in a
  way that ensures Council's financial sustainability over time, in the face of risks and
  uncertainty.
- Transparency and accountability. People who pay are aware of what they are
  paying for and can confirm that what is proposed has been provided.
- Affordability. Council services and infrastructure that are funded by rates, user fees or through development contributions are affordable to people wanting to access these services or to develop and build here.
- Fairness and Equity. Council considers who benefits or causes the costs when considering who should pay a share of these costs.

The following section considers who pays for the proposed capital investment and operational services (funding) and how we pay for it (financing). A big challenge for Council is how to fund and finance the high levels of capital investment required for the city.

## **Funding - Paying a Fair Share**

Funding is about who pays for the city's services and infrastructure. Ensuring everyone pays a fair share. For the most part the businesses and households living within Tauranga City pay for the services and infrastructure council provides. Most of the revenue to fund operations (66%) comes from general rates which are calculated against the capital value of a property. Residential ratepayers contribute a different percentage of capital value than commercial and industrial ratepayers reflecting their benefits and impacts on council services and ability to pay. A further 9% of revenue comes from targeted rates for water, wastewater and kerbside waste collection. More information on rates is provided in **Appendix 2**, including the changes to general rate differentials and new targeted rates

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proposed in this LTP. User fees are charged where possible for specific services and development contributions charged for growth-related infrastructure.

Non-residents also benefit from council's services. Tourists and other visitors to the city and businesses located outside the city that use the port or other businesses such as warehouses and factories also use the infrastructure and services of the city. Government benefits from the services and infrastructure within the city in various ways e.g. as part of a nation-wide transportation network, or sporting and cultural facilities.

In some cases revenue from non-residents can be obtained through user fees and charges for services, access to facilities or parking. Other approaches to obtain funding from people, businesses, and government agencies not located in Tauranga City and therefore not able to be rated include:

- 1. Central government funding opportunities
- Development contributions and developer agreements to fund growth infrastructure
- 3. Multi agency partnering agreements
- 4. Future options such as variable road pricing
- Central government funding opportunities. In this LTP, TCC is heavily reliant on grants, particularly capital grants from central government to support its capital programme. Council assumes for the LTP further central government grants across various government agencies to promote infrastructure investment including:
  - Housing Acceleration Funding (HAF) for Tauriko West
  - Waka Kotahi subsidy across renewals, safety and maintenance programmes at 51%, and for new transportation network projects. While Waka Kotahi operates under a three-year funding programme, Government has provided a "best endeavours" indication for funding the priorities for Tauranga's transport network.
  - Grant funding has been assumed to part fund facilities such as the proposed museum, exhibition centre, and other facilities within Te Manawataki o te Papa, the proposed stadium, waste and recycling facilities and other community and cultural amenities.
- 2. **Development contributions and developer agreements to fund growth.**Infrastructure to support new growth areas is intended to be funded by development

Infrastructure to support new growth areas is intended to be funded by development contributions from developers of new growth areas or people building throughout the city. Growth funding normally falls short of requirements because of the long timeframe for collection and uncertainties regarding total costs and collection rates. To date growth funding shortfalls have resulted in a transfer to general rate funded debt. Council is consulting on whether such shortfalls should in future be transferred to growth area centred targeted rates.

We have now developed financial agreements with developers who directly fund and deliver local infrastructure into the growth areas they are developing. This reduces our cost risk of building new infrastructure and avoids funding this infrastructure through Council debt.

Once infrastructure is in place the maintenance and operating costs of new infrastructure, along with asset depreciation, are covered by all ratepayers.

3. Multi agency partnering agreements. Council has recognised the importance of connecting with local, regional and national partners to deliver its investment needs. Multiple agency funding agreements are required for the Tauriko West new growth area. As we deliver on the LTP programme there will be further need for committed and

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coordinated funding to deliver at the scale of expenditure and complexity of arrangements required.

4. New options and initiatives such as Variable Road Pricing. Government and councils will continue to investigate and promote mechanisms to assist in the fair funding of council services and amenity. Variable road pricing is one such initiative being explored which could assist councils and the community through additional funding for investment and demand management of existing roading networks.

## **Financing**

TCC has been an early adopter of many central government initiatives to assist with financing of local government infrastructure. Key initiatives include:

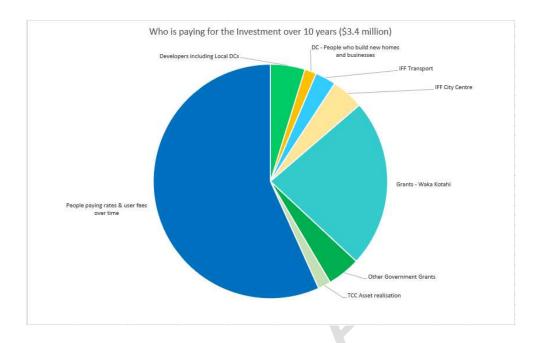
- 1. Housing Infrastructure Fund zero interest borrowing
- Infrastructure Funding and Financing Act IFF levy to take borrowing off council's balance sheet.
- Local Government Funding Agency low interest borrowing options including climate action loans
- Housing Infrastructure Fund (HIF) Zero Interest Borrowing has been aligned to borrowing for Waiari Water Supply and Te Maunga Wastewater Treatment Plant (\$160m). This borrowing was accepted as general working capital across all council debt. A new HIF associated with Papamoa East Interchange (\$35m) is also now in place.
- 2. Infrastructure Funding and Financing Act (IFF) levy. TCC was the first council to negotiate arrangements with Crown Infrastructure Partners (CIP) for an IFF Levy on transportation network capital projects. The borrowing of \$177m for these projects was undertaken by CIP and levied over TCC ratepayers. Starting 1 July 2024, the levy will be collected annually by TCC as administrators on CIP's behalf. The advantage of this instrument is that TCC is left with more capacity to borrow than it would have if it funded these projects directly. The 30-year increasing charge structure of IFF financing also enables these projects to be paid for intergenerationally and as the city population grows. This intergenerational approach is fair for long-term infrastructure.
- 3. Local Government Funding Agency (LGFA) is our primary source of borrowing offering reliable borrowing at competitive interest rates to the local government sector. A recent climate action loan with LGFA while relatively small, highlights the environmental value of specific projects and provides a small discount on borrowing margin over regular borrowing. To borrow from LGFA TCC must maintain a debt to revenue ratio below 280% which is identified as our borrowing limit in the LTP.

## Who is paying for the Capital Programme in the LTP

Under TCC's financial strategy the capital programme for the LTP is funded from the sources set out in Graph 4. Ratepayers and people paying user fees fund just over half the costs of borrowing for the capital programme. About 30% are paid by Government grants, mainly from Waka Kotahi. Growth related revenue covers about 7% of the costs of the programme.

Graph 4: Sources of Funding for Capital Programme (\$3.4b over ten years)

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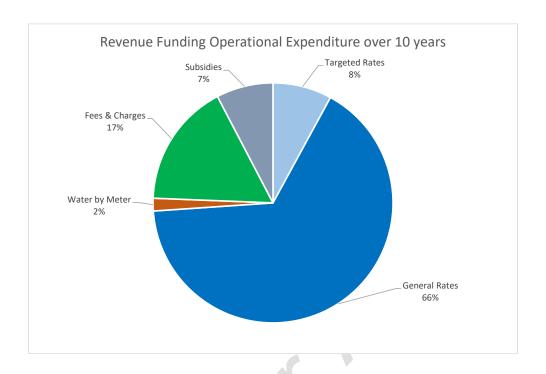
## Who is Paying for Operational Costs in the LTP?

## Sources of income for operational expenditure are:

- rates (targeted or general)
- water charges (charged by the volume of water used)
- fees and charges
- subsidies (from central government).

In the LTP, 75% of revenue is proposed to come from rates (general and targeted), while 17% comes from user fees and the balance from grants and subsidies primarily from Waka Kotahi. Graph 5 below shows the proportionate share of each revenue source

Graph 5: Revenue Funding Operational Expenditure over 10 years of LTP

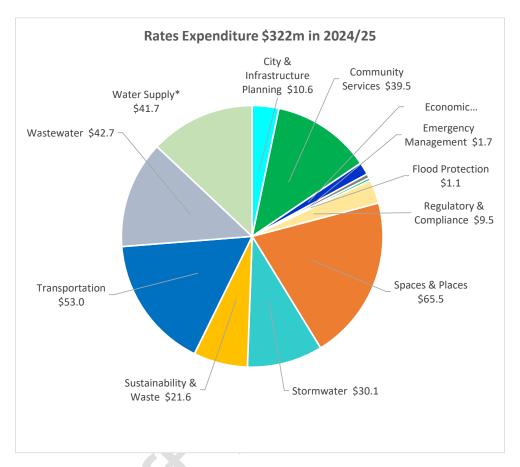


## What do our rates pay for?

Rates covers 75% of operational costs. In the first two years of the LTP 34% of rates will be to fund three waters activities (about \$110m per annum).

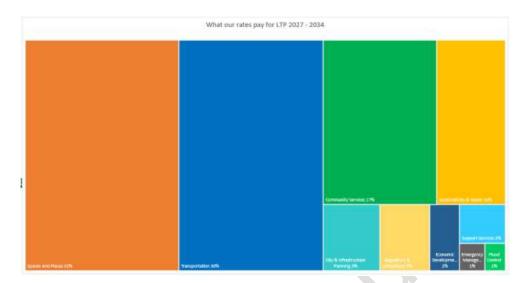
Graph 6 below shows the share of rates going to each activity in the first year of the LTP.

Graph 6: Rates Expenditure 2024/25



For the last 8 years of the LTP, when three waters is no longer delivered by TCC, total rates will be reduced and the remaining rates will be apportioned as shown in Graph 7 below. Spaces and Places and Transportation activities are the largest remaining operational areas of council.

Graph 7: What our Rates pay for 2027-2034 (excluding waters in last 8 years of LTP)



## **COMPARISON OF FINANCIAL LIMITS TO LTP FINANCIALS**

The summary of our key financials over the next ten years and proposed limits on general rates and debt are as follows. These rates include inflation. The financial limit on borrowing is identified as the LGFA debt to revenue limit. Council would remain below this limit to provide debt headroom. The limit on rates increases across all rates is identified at 12% which is consistent with the limit on general rates proposed in the 2021-31 Long-term Plan. This rates limit provides headroom above the proposed budgeted increases in the event of timing differences or other factors' e.g. impacting the cost of a targeted rate funded service that could cause a higher total rates increase in a given year.

Table 1: Key Financials

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Capital Programme (\$m)	441	450	336	347	366	328	283	387	288	287
Net Debt (\$m)	1,243	1,418	940	949	1,135	1,284	1,373	1,454	1,505	1,542
Debt to revenue ratio (inflated, excluding IFF and Tauriko West, including BVL revenues)	235%	234%	181%	170%	210%	235%	238%	238%	231%	228%
Financial Limit on Borrowing (debt to revenue ratio)	285%	280%	280%	280%	280%	280%	280%	280%	280%	280%
Total Rates (\$m)*	322	356	274	294	315	337	362	388	416	446
Total Rates Increase (net growth)	9.7%	9.8%	-24.1%	6%	6%	6%	6%	6%	6%	6%

*Rates breakdown	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
General Rates (\$m)	216	244	251	269	288	309	331	358	384	412
Kerbside Collection (\$m)	14	15	16	17	18	19	20	22	23	24
Wastewater targeted rate	43	47	0	0	0	0	0	0	0	0
Water by Meter and fixed charge (\$m)**	42	43	0	0	0	0	0	0	0	0
Other Targeted Rates (\$m)	7	8	7	8	8	9	10	9	9	9
Total Rates (\$m)	322	356	274	294	315	337	362	388	416	446
Total Rates Increase before growth	10.7%	10.8%	-23%	7%	7%	7%	7%	7%	7%	7%
Assumed growth	1.0%	1.0%	1%	1%	1%	1%	1%	1%	1%	1%
Total Rates increase (net growth)	9.7%	9.8%	-24.1%	6%	6%	6%	6%	6%	6%	6%
Limit on rates incease (net growth)	12.0%	12.0%	12%	12%	12%	12%	12%	12%	12%	12%

<sup>\*\*</sup> The large decrease in year three reflects divestment of the three waters activities.

### **QUANTIFIED LIMITS AND TARGETS**

#### Quantified Limits on Borrowing

Consistent with Council's Treasury policy, Council will adhere to the following limits on borrowing:

- Net interest expense on external debt as a percentage of annual operating revenue will not exceed 20%
- Net interest expense on external debt as a percentage of annual rates revenue will not exceed 25%, and
- Net external debt as a percentage of annual operating revenue (including Bay Venues Limited) will not exceed the borrowing limits set by the Local Government Funding Agency – see Table 1.

## Rates and agreed limits on Rates

The focus of the LTP is on what we need to do and spend to achieve the desired outcomes for our city recognising the challenges and issues that our city is facing. Revenue from rates is one of the ways we fund the needed expenditure. Other ways include direct charges to people using our services, subsidies and grants, developer contributions and shared arrangements or partnerships with other organisations as outlined above.

Where we decide to fund activities or services by rates, Council must determine how much different members of the community contribute and for what. **Appendix 3 – Rates** summarises rates structure and what our rates pay for.

#### Quantified Limit on Rates Increases

In presenting rates limits for the LTP, we have set a limit on the increase in general rates which are rates to cover the general expenditure and services of council. Under the revenue and financing policy the areas covered by general rates are identified.

This quantified limit on rates increases sets the maximum budgeted increase in annual rates collected per year based on the LTP budgets at 12%, which is consistent with the limit on general rates proposed in the last LTP, 2021-31. This limit does not give an indication of the rates increase on different groups of ratepayers as this will vary according to rating structure, the use of targeted rates, growth in rateable properties, capital value changes as well as changes in expenditure across council. Because of the proposed changes to rating structure there is significant variation in rates increases amongst categories of ratepayers in year 1 of the LTP.

This LTP sees a proposal for a new general rating category for industrial properties. Changes to the rating differential for industrial properties is also proposed for the first year. Further movements are proposed in commercial and industrial differentials over the first 4 years of the LTP to achieve a target split in total rates revenue of 65% residential, 15% commercial and 20% industrial (which includes utilities).

The LTP remains compliant with the limits for borrowing and rates throughout the ten years. Council proposes to maintain existing levels of service and meet additional demands for services within the rates and borrowing limits set.

## **UNCERTAINTY AND RISK**

In preparing this LTP, areas of uncertainty and risk were identified which include:

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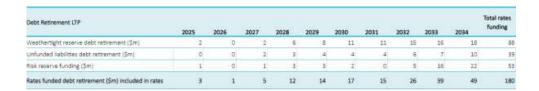
- planned external funding to support the capital programme, including from Waka Kotahi and other agencies, does not eventuate
- unforeseen costs and challenges in delivering our capital investments (deliverability)
- the ability of the construction sector to deliver the volume of capital investment proposed across the country
- the economic situation which could impact ability to pay
- the impact of a change in timing or quantity of projected population growth which would affect demand for services and revenue from development contributions
- uncertainty about the future including disruptive technologies and changing lifestyles and living and transportation choices
- the impacts of climate change and the risk of unforeseen natural events such as earthquakes and major storms
- potential impacts of unplanned for failure of assets
- local government reform such as water reform taking place at different times or under different arrangements to those assumed in the LTP
- unexpected changes in policy or priorities could affect the LTP, e.g. a change to the timing or details of waters reforms

There are a number of tools used to manage risk and uncertainty in this budget:

- Continued review of funding and confirmation of external revenue for projects before significant funds are committed, with an option of revising the capital programme should there be significant shortfall in external funding
- Identification of underutilised assets that could be realised to support new priority expenditure to support funding where external funding is less than budgeted
- Investment in staff, systems, processes and governance arrangements to improve the capacity of the organisation to deliver the proposed capital investment in a timely and cost-effective way managing and mitigating risks
- Continued review of timing of projects in relation to growth requirements and assessment of most appropriate areas to develop to address growth needs.
- Maintenance of debt levels below treasury limits to provide debt headroom to cope with unforeseen events
- Sound asset management including revaluation of assets, and funding of depreciation into a depreciation reserve from which activity debt can be repaid and renewals funded over time.
- Repayment, through rates, of deficit balances in weathertight and unfunded liabilities reserves over the course of the LTP
- Funding of a risk reserve, funded from annual rates, that enables consistent funding over time to respond to unforeseen events which are likely to occur sporadically through time.

The level of rates in later years of the LTP includes repayment of debt not otherwise repaid through depreciation reserves. It also provides for funding into a risk reserve but there has been no assumption of payment from that reserve during the LTP period. The table below shows the amount of rates funded debt retirement and contribution to a risk reserve over the LTP. In total \$180m of rates is collected for this purpose.

Table 2: Debt retirement in deficit reserves and funding to risk reserve



#### SECURITIES AND FINANCIAL INVESTMENTS

#### Policy on the giving of securities for borrowing

Council will generally offer security for its general borrowing and interest rate risk management activities by way of a floating charge over rates revenue. Council recognises that utilising rates revenue as security lowers the risk involved for lenders and, therefore, will lower the cost of borrowing to the Council.

In the normal course of business, Council offers rates revenue as security for its borrowing. Council offers security through a Debenture Trust Deed, which allows Council to provide security over rates revenue from time to time made by Council under the Local Government (Rating) Act 2002.

Where doing so would help further the Council's community goals and objectives, Council may offer security over an asset other than rates, on a case by case basis.

## Objective for holding and managing financial investments and equity securities

Council's investment objectives are included in Council's Treasury policy. Overall Council holds financial investments to manage its liquidity and funding risks. Its objectives in relation to these investments and equity are therefore that they:

- Contribute to the fundamental objective of managing liquidity requirements and funding risk,
- · Protect the capital amount invested,
- Optimise returns in the long-term while balancing risk and return.

## Quantified targets for returns on financial investments and equity securities

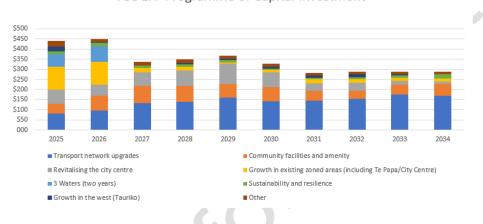
Council's quantified target for returns on financial investments and equity securities are: they are better than the daily average of call, 30-day, 60 day, and 90 day bank bill rates as published by the New Zealand Financial Markets Association.

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## **Appendix 1- CAPITAL INVESTMENT**

We are proposing a capital investment programme of **\$3.4b** over the next 10 years. This programme includes three waters capital requirements only for the first two years. From year 3 of the LTP (2026-27) the three waters investment is assumed to be undertaken by a separate regional water entity. The capital programme is based on addressing our key challenges primarily through capital investment. Graph A1-1 below summarises this capital investment on an annual basis.

Graph A1-1: Capital investment by year and key investment programme



TCC LTP Programme of Capital Investment

Graph A1-1 above shows that we are ramping up our capital investment for the first two years of the LTP. The data includes a capital delivery adjustment in early years to reflect total expected delivery and resulting impacts on rates. In year 3 it is assumed that three waters investment will be undertaken by the new Regional Waters entity. From year 3 Council capital investment will reduce to an average level of around \$300m per annum level. The coloured sections for each year show the amount of spend in each of our key investment programmes. The early years shown in the graph indicate a capital spend of over \$500m. However, we are only budgeting debt servicing costs for a programme of around \$450m as we expect delivery overall to be below the level budgeted.

Expenditure on new growth areas continues as existing growth areas in Pyes Pa, Wairakei and Papamoa are progressed. A new growth area is proposed in Tauriko West. Intensification is prioritised in the city centre and Te Papa. With the emphasis on intensification and to address infrastructure deficits in transportation and community amenity most of the growth expenditure also addresses deficits for the for the benefit of people who live here now. In particular:

- the provision of community infrastructure which recognises the current deficit of facilities and amenity in a city our size
- upgrade of core network assets to meet new standards and expectations
- resilience of our assets recognising hazards and impacts of climate change
- renewal and upgrade of our existing assets as they age

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Table A1-1 summarises this expenditure as to whether it is growth, level of service or renewals. Note this breakdown is based on actual projects prior to the capital delivery adjustment being applied.

Table A1-1 Expenditure by Activity Summarised as Growth, Level of Service or Renewal

And the Comme		2024-34 Long	g-Term Plan	
Activity Group	Growth (\$m)*	LOS (\$m)	Renewals (\$m)	Total (\$m)
Transport	712	671	365	1,748
City Centre	-	179	1	179
Community	93	822	96	1,012
Stormwater	15	17	3	35
Wastewater	74	5	37	110
Water Supply	32	35	33	100
Sustainability & Waste	-	68	2	7:
Other	29	84	38	153
All activity groups	955	1,882	575	3,412
*Growth category includes **Further \$66m of vested a		wth & LOS projects	primarily in Transpo	rt and Communit
Grants & Subsidies				1,18
Development Contribution	s			28:
Loan & Reserve Funding				1,94

The full capital programme by area of investment is summarised below in Table A1-2.

**Table A1-2 TCC Capital Programme by Investment Area** 

The state of the s		2026 (\$m)						2032 (\$m)	2033 (\$m)		10 year total (\$r
Revitalising the city centre	68	55	67	77	100	75	36	38	19	13	5
Capital Delivery Adjustment	- 6	- 11	- 14 -	13	42	10	11	10	10	4	
City Centre Development	10	8	13	20	18	24	25	28	9	9	1
City Centre Streetscape Capital Progrmme	3	-					-	-		-	
City Centre Waterfront Development	9	3	8	8			-	-	*:	(*)	
Community Stadium - Tauranga Domain					40	41	-			-	
Te Manawataki o Te Papa	51	55	60	61			-	-		-	2
community facilities and amenity	51	73	85	79	65	67	48	40	48	59	6
Active Reserve Development	19	17	10	16	22	7	12	2	2	2	1
Bay Venues New Capital	7	11	9	3	6	11	4	1	2	4	
Baycourt Capital Renewals	0	0	0	1	0	0	0	0	1	0	
Capital Delivery Adjustment	- 7	- 15	- 2	3	3	25	- 4	10	12	18	
Community Centres	5	1	5	-		1	5	-	2	6	
Historic Village Capital	1	6	1	1	1	1	1	0	0	0	
Kopurererua Valley Development	0	0	0	0	0	0	0	0	0	0	
Library Capital Works	1	2	2	2	1	1	1	1	1	1	
Marine Park/Sulphur Point Development				1	1	5	9	5	6	6	
Memorial Park Aquatics & Recreation Hub	10	30	40	30	10		-			-	1
Memorial Park Masterplanning	-	3	1	2	1	-	-		-		
Memorial Park to City Centre Pathway	1	3	3			-	-	-	-	-	
Neighbourhood Reserves & Other Minor Capital Projects	3	3	3	4	3	3	3	3	3	3	
Parks LOS Capital Development	3	5	5	9	8	7	7	7	7	6	
Parks Renewals	4	5	5	5	6	4	7	7	9	9	
Prop Management Upgrades & Renewals	3	1	1	2	2	1	1	1	2	2	
Skatepark Development & Upgrades	0	0	0	-	-	-	-			-	
Te Ranga Masterplan	0	0	0	0	0	0	1	- 1	1	1	
TECT Park Development	0	0	0	0	0	0	0	0	0	0	
ransport network upgrades	80	97	132	139	162	144	146	154	176	169	1,3
Accessible Streets	3	4	4	5	5	8	9	8	9	8	1,3
Arterial Upgrades				1	4	4	4	4	4	4	
Bus Infrastructure	17	14	13	8	6	2	4	5	6	6	
Cameron Road Stage 2	30	40	49	40	0					0	1
Capital Delivery Adjustment	- 33	- 30	- 38 -	35 -	23 -		10	65	82	42	1
Domain Rd Upgrading Capital Works	- 33	- 30	- 30 -	33 -	23	- 22	10	1	1	6	-
Funding Provision		-	- :		-	-	- 1	- 1			
Grenada Street Cycleway	3	3	3			-					1.5
		6	5		16	34	- 58		- 10		1
Hewletts Improvements Local Roads Renewals	26	29	35	5 35	37	37	34	10 35	10 36	44 37	3
	11	9	33		5	10	54	6	56	6	3
Local Roads Upgrades and Improvements	- 11	9		4	4	4	4		ь	ь	
Marshall Ave Footpath upgrade			1	1						-	
Minor Safety Improvements	4	4	4	4	4	4	4	5	5	5	
Mount/Papamoa Multimodal	2	4	4	4	4	6	8	9	10	•	
Otumoetai Multimodal	7	7	17	18	26	29			•		1
Park & Ride Activation	•	•	-	-	0	0	0	2	3	5	
Parking Infrastructure	1	1	0	0	1	0	0	0	1	1	
Prop Management Upgrades & Renewals	0	0	0	0	0	0	0	0	0	0	
Smiths Farm Development			9					-	-		
Streetlight Renewal & LED Upgrade	2	2	2	2	2	3	3	3	3	3	
Traffic Signalisations	0	-	-	-	-	-	1	-	-		
Transportation Model	1	1	1	1	1	1	1	1	1	1	
TTOC Projects	1	1	2	1	1	1	1	1	1	1	
Welcome Bay, Turret Rd & 15th Ave Corridor	2	3	18	45	68	24					1

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TCC Programme of Capital Investment	2025 (\$m)	2026 (Sm)	2027 (\$m)	2028 (Sm)	2029 (Sm)	2030 (\$m)	2031 (Sm)	2032 (Sm)	2033 (Sm)	2034 (Sm)	10 year total (\$m)
Growth in the west (Tauriko)	2025 (5111)	2020 (\$111)	0	6	6	2030 (5111)	12	2032 (5111)	2033 (3111)	2004 (5111)	79
WC - Tauriko Business Estate	7	2	-	-	-	-	- 12	-		-	8
Western Corridor - Belk Rd Plateau	0		-	-	-	-	-		-	-	0
Western Corridor - Ring Rd	0				-	-					0
Western Corridor - Social Infrastructure			-	6	6	7	12	16	6	-	53
Western Corridor - Tauriko West	17	0	0	-	-	-	- 12	- 10	-		18
Growth in existing zoned areas (including Te Papa/City Centre)	113	111	23	19	8	13	21	20	15	13	356
Eastern Corridor - Papamoa East	0	-	-	-	-	-		-		-	0
Eastern Corridor - Papamoa East Wairakei	49	43	10	0		-	2				104
Eastern Corridor - Papamoa Growth Area	2	0	- 10	-	-	-		-	-	-	2
Eastern Corridor - Papariloa Growth Area	- 2	0		9			6	6	6	6	34
Eastern Corridor - Trunk Wastewater	17	25			222		0				42
Eastern Corridor - Trunk Wastewater	13	5					-				18
Mount Intensification	0	0			-	1		-	1	1	8
	0	0		2	0		7	7	0	- 1	24
Otumoetai Intensification	25	30	0 11	6	5	7	5	6	7	- 6	104
Te Papa Intensification	6	5									104
WC - Pyes Pa West Growth Area			-	2	2	-		-	-		14
Western Corridor - Bethlehem	60	3	2				•			-	137
3 Waters (two years)		77			1967			199	11	-	
Cameron Road Stage 2	1	2	•	- 5	18	***		(*)		7	3
Capital Delivery Adjustment	- 27		*			-	-	-	•		61
CSC Stormwater Treatment Capital Works	1	0		-			-	-	-	-	1
Freshwater Management	0	-	*		-			-	-	-	0
Funding Provision	-	0	-	-		, C		-5/	3.		0
Infrastructure Resilience Capital Works	5	6			>.*·	- 12	181	-	- 5	-	10
Prop Management Upgrades & Renewals	0	0	•	•			190	190	191	*	0
Reservoir Upgrades & Renewals	4	4	-	21	( <del>-</del> )				141.	-	8
Smiths Farm Development	- 8	0		-		-		-	-	-	0
SW Bulk Fund & Reactive Reserve	5	2				-	•				8
SW Minor Capital Works & Renewals	2	3	-	-			•			-	6
Te Maunga WW Treatment Plant	25	42	-	=	1.00		•	*			66
Waiari Water Treatment Plant Capital	7	12	-	-		(*)		(-)	(4.)		19
Wairakei Stream Culvert Upgrade	1	0			7.4				-	-	1
Wairakei Stream Landscaping	1	2	-	-	1.2	(6)		720	127	72	3
Wastewater Renewals/Upgrades Programme	1	1					•				2
Water Netwrk Upgrades & Renewals	8	10		-		(*)	100				18
Water Supply Plant Upgrades & Renewals	4	6		•	(*)	(*)		( <b>-</b> )			10
Welcome Bay, Turret Rd & 15th Ave Corridor	2	2	-			7.0		(=1)		-	4
WW Reticulation Upgrades & Renewals	17	16	-				-	-	-	-	33
WW Treatment Plant Renewals	2	2	-	-			•	-	-	-	4
Sustainability and resilience	15	18	11	11	10	6	7	8	12	22	119
Bridge Resilience Capital Works	0	1	1	4	7	1.0	2	4	9	20	46
Capital Delivery Adjustment	-		- 10	•		3	3	3	1	-	•
Infrastructure Resilience Capital Works	1	1	0	0	0	0	0	0	0	0	2
Kerbside Waste Collection Capital Works	0	1	1	1	1	1	1	1	1	1	9
Sustainability & Waste Upgrds & Renewals	3	5	1	5	2	2	1	1	1	1	21
Waste Facilities Redevelopment	12	10	18		-			-			40

TCC Programme of Capital Investment											
	2025 (\$m)	2026 (\$m)	2027 (\$m)	2028 (\$m)	2029 (\$m)	2030 (\$m)	2031 (\$m)	2032 (\$m)	2033 (\$m)	2034 (Sm)	10 year total (\$m)
Other	29	17	17	17	15	17	12	11	12	11	159
Airport Upgrades & Renewals	3	0	0	-	0		0		-		3
Animal Services Minor Capital Works	0	0	0	0	0	0	0	0	0	0	0
Beachside Holiday Park Capital Programme	0	1	0	0	0	0	0	0	1	0	4
Cemeteries Capital Programme	0	2	3	3	3	3	2	2	2	2	22
City Operations Capital	0	0	0	0	0	0	0	0	0	0	1
Civic Administration Building	12	-		-	-	-	-	1.5	-		12
Civic Complex Renewals	0	0	0	0	0	0	0	0	0	0	1
Community Services Minor Capital Works		-		-	-	-	-		-	0	0
Corporate Services Minor Capital Works	0	0	0	0	0	0	0	0	0	0	0
Digital Services Capital Progamme	2	3	3	4	2	3	3	1	1	1	21
Emergency Management Capital Works	-	0	-	-	-	-	-	-	-	-	0
Health & Safety Risk Control Capital	0	0	0	0	0	0	0	0	0	0	1
Marine Facilities Upgrades & Renewals	6	5	6	4	3	4	1	1	2	1	34
Prop Management Upgrades & Renewals	0	0	0	0	0	0	0	0	0	0	1
Regulatory Services Minor Capital Works	0	0	0	0	0	0	0	-		-	0
Strategic Acquisition Fund	5	5	5	6	6	6	6	6	6	6	58
Water Netwrk Upgrades & Renewals	0	0	0	0	0	0	0	0	0	0	1
Total Capital Programme	441	450	336	347	366	328	283	287	288	287	3,412

### **APPENDIX 2 - OPERATIONAL REVENUE AND EXPENDITURE**

Capital investment flows through to operational costs of depreciation, financing of debt and the cost of operating and maintaining new assets. The large capital investment also results in higher costs of staff, consultancy and contractor costs as council resources to deliver much larger levels of capital investment.

Our operating budget requirements have increased in response to the need to:

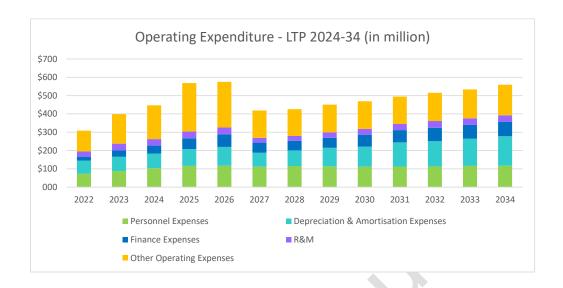
- provide what we need for our community in terms of contracted delivery and maintenance services across the city and particularly in spaces and places and transportation, and in grants to support delivery by Bay Venues Limited.
- establish strong governance and project delivery practices to deliver on the large capital programme in a way that enables us to manage our risks, and impacts on the community
- ensure adequate digital systems, security and performance including expenditure to replace outdated systems and improve systems that interact with our community)
- increase staff budgets to:
  - support the increased capital expenditure and to assure quality
  - support the in-housing of maintenance contracts and increased maintenance requirements particularly across spaces and places and transportation
  - meet increased community expectations for improved access, communication and engagement
  - attract and retain the very best people we need to address market movement in salaries
  - replace consultants with salaried staff to assist cost efficiency, adequately resource delivery and retain expertise in-house

Operational costs over the 10 years are shown in Graph 2-1 below. In the graph costs have been inflation adjusted.

Two years of actual budgets are shown as well as the LTP budgets commencing in 2025 financial year. The substantial drop in budgets in 2027 is based on the removal of three waters activities from council to a new entity. Some work relating to flood control and planning will remain in house. Reduction in overhead costs has been assumed as some of these costs will move with the three waters business.

Ongoing increases in depreciation and interest costs occur directly from the large ongoing capital programme. Once new facilities are operational there will also be an increase in other operating costs such as repairs and maintenance.

**Graph A2-1: Operating Expenditure** 

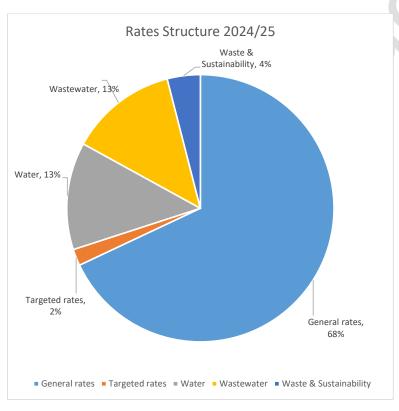


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## **APPENDIX 3 - RATES**

Council funds 75% of its operations through rates. Rating structure is a combination of general rates and targeted rates. The general rate and some targeted rates are applied on the basis of capital value. The proposal for the LTP is to continue to apply a commercial differential and to establish a separate industrial rating category to which a higher differential would apply. 10% of all rates are set on a uniform basis.

Graph A3-1 below shows the breakdown between targeted and general rate .This shows a concentration of rates as general rates set on a capital value basis with 10% of all rates set on a uniform basis. The main targeted rates were for wastewater, water supply, and kerbside waste collection. All revenue collected for these rates is ring-fenced to be spent within these activities.



Graph A3-1 Rates Structure 2024-25

## New Rates and Removal of some Targeted rates

The previous LTP introduced targeted rates for transportation and city centre/community activities to support new investments and debt retirement in these areas. It was noted at the time that alternative funding and financing arrangements including IFF levies were being investigated as a preferred option.

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In this LTP most of these targeted rates are replaced by the implementation of the IFF levy for transportation projects from July 2024, and the proposal to implement IFF for city centre investment from 2026.

Smaller targeted rates are continuing for resilience expenditure, the flood control levy (renamed from the stormwater levy).

Two new targeted rates are being proposed:

- · for swimming pools in place of a larger three-yearly inspection fee and
- for properties in growth areas that have experienced or are likely to experience under-collection of rates.

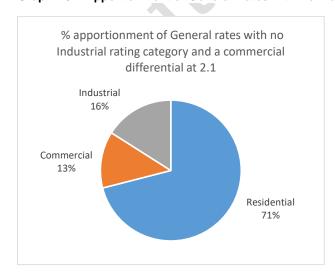
### Commercial and Industrial Differentials

In 2024, TCC has a commercial rate differential of 2.1 times the residential rate. The LTP proposes further amendment to create a new industrial rating category which would cover properties categorised as industrial or utilities. The industrial category would have a higher differential than the commercial category recognising the higher benefit and impact on council expenditure and the community as well as ability to pay.

The proposal in the LTP is to move the industrial differential from 2.1 to 2.7, in 2024-25 while retaining the commercial differential at 2.1. At the proposed differentials, TCC would be closer to the level of comparable metro councils for the commercial and industrial categories combined.

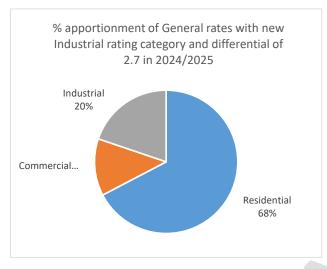
To provide consistency over time and through the revaluation cycles it is proposed to set an agreed apportionment of general rates for each rating category. The commercial and industrial share of general rates paid would move closer to a 15% commercial, 20% industrial, and 65% residential. This is proposed to be fully achieved by 2027-28 (year 4 of LTP). The graphs below show the movement over time of the apportioned share of the general rate for each rating category.

Graph A3-2 Apportionment of General Rates with No Industrial Category in 2024-25

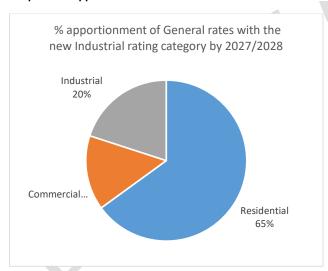


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Graph A3-3 Apportionment of General Rates with Industrial Category 2.7 differential in 2024-25



Graph A3-4 Apportionment of General Rates with Industrial Category by 2027-28



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# DRAFT FUNDING NEEDS ANALYSIS

## FOR THE REVENUE AND FINANCING POLICY 2024-34

## Purpose and Scope

- The Funding Needs Analysis provides the background and analysis to explain the funding decisions made by Council. It is guided by the principles in the Revenue and Financing Policy.
- 2. Council must comply with section 101(3) of the Local Government Act 2002 (LGA) which results in a two-step process to identify funding sources for each activity.
- Step one involves assessing the funding needs of the activity, who benefits and creates the need for the activity, and how they could potentially pay for those needs and benefits.
- 4. Having completed the step one analysis Council must then consider 'the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental and cultural well-being of the community' (step two).
- 5. This funding needs analysis documents step one.

## Types of expenditure

Broadly speaking there are two types of Council expenditure:

**Operating expenditure (Opex):** is the money spent on the ongoing day to day activities and services of the Council. This includes contributions to the wear and tear on assets used (depreciation), interest charges on borrowing for capital projects and corporate overheads.

**Capital expenditure (Capex):** is the money spent on creating assets such as property, plant and equipment that provide benefits and enable council to deliver goods and services over a number of years.

Operating expenditure and capital expenditure are funded differently.

Council must consider the funding for each activity after considering the 5 criteria of section 101(3)(a) step one (see Table 1: Legal requirements for expenditure needs).

Table 1: Legal requirements for expenditure needs

Step one reference	Considerations
Community outcomes - s.101(3)(a)(i)	Determine which of the Council's community outcomes an activity primarily contributes to. It is useful to describe how the activity contributes to the community outcomes.
Distribution of benefits - s.101(3)(a)(ii)	Consider who (individual and groups) benefits from the activity, and how the benefit of an activity applies to households, businesses, and

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<sup>&</sup>lt;sup>1</sup> Section 101(3)(b) Local Government Act 2002.

Step one reference	Considerations
	the community as a whole. Determining this involves the exercise of judgement by Council. It is inherently subjective.  Where Council considers there is a clearly identified relationship between users and the services provided then Council will consider fees and charges or targeted rates.  Where Council considers the services provide a benefit to the community as a whole; or where Council is not able to identify a strong or direct relationship between users and the service the Council will consider general rates.
Period of benefit – s.101(3)(a)(iii)	For most operational expenses the benefit is received in the year the expense is incurred.  For most capital projects the benefit is received over the life of the asset.  For most activities Council funds depreciation (an operating expense) from revenue sources and this is recorded in reserves for the future renewal of assets.  Some operational expenses (provisions) may have a benefit over multiple years and so Council may choose to fund the activity over that period.
Who creates the need - s.101(3)(a)(iv)	Some services Council must do because the actions or inactions of individuals or groups create the need to undertake the activity or increase the cost or frequency of a service being provided.  Council may choose to target these people or organisations through fines, charges or rates.
Separate funding - s.101(3)(a)(v)	Council must consider the practicalities of separate funding along with transparency and accountability. When doing this it is prudent to consider matters such as the financial scale of the activity, administrative cost, legal requirements, and promotion of value. In some cases, while it may be desirable to charge individuals there may be no practical way of doing so.  For all activities Council must identify what proportion of operational expenses is recovered from each funding source.

## **Funding Bands**

- 1. After considering the section 101(3)(a) components, Council considers how much of each funding source is allocated to fund each activity.
- 2. This Funding Needs Analysis is intended to inform the Revenue and Financing Policy, which will be in place for the next three years before it is reviewed. Because things change over time, it is not possible to precisely determine the percentage allocated. Therefore, Council has decided to band the percentage into the categories listed in Table 2.

**Table 2: Funding Bands** 

Name	Symbol	Range
Unlikely	×	0
Low	✓	0-30%
Medium	✓	30-70%
High	✓	70-100%
Potential to be used	*	*

The assessment in Table 4 identifies which of the funding sources Council plans to use in budgeting to fund the operating costs of each activity.

## Funding Sources for operating expenditure

- 1. The LGA<sup>2</sup> sets out the funding sources that Council must consider in developing a Revenue and Financing Policy. The funding needs analysis considers all of these funding sources.
- 2. The available funding sources for operating expenditure under the LGA include:
  - User charges
  - Grants, sponsorship, subsidies, and other income
  - Proceeds from asset sales
  - Lump sum contributions
  - Investment income
  - Financial contributions
  - Reserve funds
  - Borrowing
  - Rates
    - General rates
    - Targeted rates
- Tauranga City Council may use all of the above sources to fund operation costs, the most common are outlined below. Table 4 documents Council's section 101(3)(a) consideration for each activity.

## Fees & Charges

Where Council considers there is a clearly identified relationship between users and the services provided, particularly with an immediate benefit, it will implement fees and charges for that activity. The use of fees and charges may be balanced with other funding sources. We set our fees and charges annually to reflect increases in costs or changes to charging structures.

### **General Rates**

The base for the general rate is Capital Value. Council is setting this differentially which will mean that commercial ratepayers will have a higher general rate in the dollar than residential ratepayers. This is to balance the overall impact of rates allocation for revenue needs on the whole community

The uniform annual general charge is a fixed charge on each separately used or inhabited part of a rating unit. Every rating unit will make a minimum contribution to councils' costs.

### **Targeted Rates**

We use targeted rates to appropriately charge those who directly benefit from or use a service or have created a need or cost, where this can be determined. Targeted rates are chosen where the services provided are specific to a particular community or area and it is not considered fair to charge all ratepayers.

## Grants, subsidies, interest revenue, borrowing & other

Grants, sponsorship, other subsidies and external funding will be used where they are available. In activities where there is a surplus, we may earn interest revenue on that surplus.

<sup>&</sup>lt;sup>2</sup> Section 103(2) Local Government Act 2002.

### Overheads

Overheads are internal charges (overhead expenditure charged by allocation to other activities). For example, Support Services and Community, People and Relationships activities are primarily funded through the other activities. The majority of this expenditure (85-90%) is funded by rates.

## Funding sources for capital expenditure

- 1. There are 3 types of capital expenditure
  - a) Level of Service: capital expenditure that is not growth related shifts level of service
  - b) Growth: growth related capital expenditure required to provide additional capacity
  - Renewals: capital expenditure that either replaces or continues the life of an existing asset with no increase in service level
- 2. A capital project is expected to contribute to community outcomes in the same way as the activity in which it is funded unless Council resolves otherwise.
- 3. Capital expenditure benefits the same groups as the operating expenditure for each activity.
- 4. Council may choose to target specific groups through use of financial and development contributions, lump sum contributions or targeted rates. When financial and development contributions are used the distribution of benefits and rationale regarding funding sources is discussed within the Development Contributions Policy.
- 5. For most capital projects the benefit is received over the life of the assets. Council will have regard to the equitable distribution of costs over time for the building and renewal of the assets.
- Some capital costs are due to the actions or inactions of individuals or groups that create the need to undertake the activity. Council may decide to target these people or groups to help fund the capital expenditure.
- 7. Council will also consider the practicalities of separate funding along with transparency and accountability.
- 8. Council's preferences when considering the funding of capital projects are set out in Table 3 below.

**Table 3: Funding Sources for Capital Expenditure** 

New capital expenditure (not growth related)	Renewals expenditure	Growth-related capital expenditure
	Preference 1	
Other external sources, including government or other grants e.g. Waka Kotahi subsidies, TECT grants, national or regional/ sub regional funding.	Other sources, where available for example Waka Kotahi grants.	Other sources where available for example Waka Kotahi grants, national or regional/ sub regional funding.
	Preference 2	
<ul> <li>Reserves</li> <li>Asset sales</li> <li>Infrastructure Funding and Financing (IFF)</li> </ul>	<ul> <li>Depreciation Reserves</li> <li>Asset sales</li> </ul> Preference 3	Development/Financial Contributions     Asset sales     Infrastructure Funding and Financing (IFF)
Loans funded through general or targeted rates, user fees, activity surpluses.	• Loans	Loans.     Depreciation Reserves where there is a renewal portion of capital projects.     Targeted rates or general rates, user fees, or activity surpluses may also be considered for the portion of capital that offers wider benefit or where there has been an under collection in development contributions.

## Next step

Step two might include considering the following:

- does the outcome from step one support the strategic direction or initiatives of the local authority (for example protecting natural or historic heritage)?
- legal and other constraints
- affordability issues (impact on the elderly or low-income families)
- would there be any barriers to the accessibility to some services
- are there any implications on community or cultural groups?
- what are the size and materiality of any shifts in funding and how do these affect the community?
- is the mix of funding sources sustainable in the long-term?
- what are the current and projected future economic conditions?

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Table 4: Funding Needs Analysis by Activity - Operating Expenditure

Activity	Nature of benefit	Primary Community	Beneficiaries	Period of benefit	Who creates need?	Separate funding		Propo		Rationale for Funding		
		Outcome(s)		benefit			Fees & Charges	General Rates	Targeted Rates	Subsidies, grants, etc	Overheads	
Transportation												
Transportation  Water Supply	Use of the transport network, provision of road safety and access to different modes of transport.  Provision and management of parking at recreation facilities, venues, and city spaces for convenient access to amenities.	Well-planned city - Tauranga - Tatai Whenua Easy to move around - Tauranga Ara Rau Supports business and education - Tauranga a te kura, and investment by the council and others	The whole community benefits from use of the transport network and parking, as well as economic benefits of movement of goods and accessibility for people to services businesses and amenity.  Commercial and industrial sectors, both within the city and in the wider region or nationally (e.g., due to access to the port or warehouses and outlets) benefit from movement of goods and employees.  Road users benefit from road access and exclusive use of convenient parking close to where they want to go, including visiting recreation facilities, businesses. Access to their work, places for shopping, health appointments.  Other beneficiaries include cyclists, developers, people accessing the road corridor, and public transport providers.	Benefit is expected to arise in the year funding is sourced.  Benefits from economic activity and commercial and industrial activity are short to long term, benefitting future generations.	All road and road corridor users create the need for this activity. Heavy vehicles, commercial and industrial and utility networks all use the road corridor, and increase the costs of this activity. Heavy vehicles create more costs because of their impact on roading surfaces, safety and other requirements  People who create congestion on roads, and in parking areas also create the need for additional expenditure  Other users of the road corridor including walkers and cyclists.	Targeted rates assist with accountability and transparency of Council's expenditure on this activity.  Identifying separate fees and charges for parking and infringements assists in the accountability of Council's expenditure on this activity.	LOW	HIGH	LOW	LOW	UNLIKELY	There are limited practical options for charging for the individual benefits received from using the transport network. Tolling is one practical way however it requires an Order in Council (legislative instrument that is made by the Executive Council led by the Governor-General) to be made.  Congestion charging which charges users on the basis of timing of road use offers advantages for demand management as well as reflecting the costs of peak traffic flows on the need for more roads and congestion management. This also requires legislation so it currently outside the control of Council.  General rates reflect that transportation offers wider benefits across all members of the community. The allocation of the liability is able to be spread across the city. However, while all users benefit commercial and industrial users and utility networks have been identified as having a higher proportion of benefit and creation of costs of this activity. Heavy vehicles have been shown to cause substantially higher costs on the roading activity and on congestion impacting communities and the economy. They are predominantly (though not solely) used by industrial users. Utility networks such as power and telecoms use the road corridor for their services and regularly disrupt transportation when maintaining their networks. A differential or a targeted rate may both be appropriate to reflect fair and equitable funding of this activity across these groups of users.  Parking management is fully funded by user fees (parking fees and fines) to reflect the benefit received from those using parking spaces to access services and amenities.  Targeted rates may be used to fund operations, maintenance, renewal and new investment where a project benefits a group or sector ratepayers.  A targeted rate for resilience also acknowledges the benefit received from emergency preparedness.

Activity	Nature of benefit	Primary Community	Beneficiaries	Period of benefit	Who creates need?	Separate funding		Propo	sed Funding S	ources		Rationale for Funding
		Outcome(s)		benefit			Fees & Charges	General Rates	Targeted Rates	Subsidies, grants, etc	Overheads	
Water Supply	Provides residents and businesses with drinking water.	An inclusive city - Tauranga Mataraunui Values and protects the environment - Tauranga Taurikura Well-planned city - Tauranga - Tatai Whenua Supports business and education - Tauranga a te kura	Residents and businesses connected to Tauranga's water supply system benefit from potable water and reliable supply. The community as a whole benefit from public health from the provision of drinkable water, and water for firefighting.	Benefit is expected to arise in the year funding is sourced.	All members of the community create a need for this activity. High volume water users create a greater need.  The actions of individuals and business (commercial and industrial) who are planning, or who attract, growth to the city, have an impact on this activity.	Identifying separate funding – in the form of a targeted rate based on water use - assists in the accountability and transparency of Council's expenditure on this activity.	LOW	UNLIKELY	HIGH	LOW	UNLIKELY	Targeted metered water rates are appropriate for charging those that benefit from the supply of drinkable water, and volumetric charges allow for users to pay for the water used.  A targeted rate for resilience also acknowledges the benefit received from emergency preparedness to those using water from the water supply.  Fees and charges recognise specific benefits received for certain services.
Wastewater											ľ	
Wastewater	Provides a network of infrastructure to manage sewage, protecting public health and the natural environment.	An inclusive city - Tauranga Mataraunui Values and protects the environment - Tauranga Taurikura Well-planned city - Tauranga - Tatai Whenua	All properties connected to Council's wastewater system benefit from safe, sanitary removal of wastewater from their homes and businesses.  The whole community benefits by protecting public health and the environment.  The commercial sector and trade waste industry benefit from high volumes of trade waste being disposed of.	Benefit is expected to arise in the year funding is sourced.	All members of the community create a need for this activity. Heavy commercial and industrial producers have an adverse impact greater than most users.  The actions of individuals and business (commercial and industrial) who are planning, or who attract, growth to the city, have an impact on this activity.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.  Targeted rates are the appropriate funding source for those connected to the wastewater system and receiving direct benefits.  Fees and charges reflect the user benefit for trade waste and commercial operations.	LOW	UNLIKELY	HIGH	LOW	UNLIKELY	Targeted rates for wastewater based on the number of water closets (toilets/urinals/pans) is a practical way of charging for residential users' contribution to the wastewater system.  In the case of heavy commercial and industrial users of the waste system it is practical to measure the volume and quality of waste and charge appropriately for this through user fees and charges.  A targeted rate for resilience also acknowledges the benefit received from emergency preparedness.
Stormwater											1	
Stormwater	Management of stormwater to reduce flooding and prevent water contamination for all residential, commercial and industrial properties and including use of the road corridor.	A well planned city - He taone i āta maheretia Values and protects the environment - Tauranga Taurikura	The wider community benefits from the management of stormwater in an environmentally acceptable way.  Some residents benefit from higher levels of service in specific geographic areas, e.g. Lakes.  Commercial and Industrial users benefit from stormwater management by ensuring mobility and accessibility and pollution control.	Benefit of most operating costs is expected to arise in the year funding is sourced.  Some benefits -from the stormwater reserve fund are likely to arise in the future.	The actions of some individuals and groups impact on this activity. For example, some stormwater runoff is a direct result of land works and individual actions.  Properties with less permeable surfaces also create more need.  The actions of individuals and business (commercial and industrial) who are planning, or who	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	LOW	HIGH	LOW	LOW	UNLIKELY	Funding from a mix of general and targeted rates reflect the benefit to property owners and the wider community benefit of stormwater management. General rates differentials are appropriate recognising the social, environmental and economic wellbeing impacts and benefits to the commercial and industry sector of stormwater being appropriately managed Increased funding from targeted rates allows for the ability to better reflect the impact from different sectors on stormwater infrastructure in the future. Properties with less permeable surfaces have a greater stormwater requirement. A targeted rate for resilience also acknowledges the benefit received by

Activity	Nature of benefit	Primary Community	Beneficiaries	Period of benefit	Who creates need?	Separate funding		Propo	sed Funding S	Rationale for Funding		
		Outcome(s)		belletit			Fees & Charges	General Rates	Targeted Rates	Subsidies, grants, etc	Overheads	
					attract, growth to the city, have an impact on this activity. Industrial and commercial uses also impact on need for stormwater management and remediation and pollution management							households and businesses from planning for resilient infrastructure.
Flood Protection	on											
Flood protection	Opening and maintaining overland flow paths to provide access to and egress from properties.	A well planned city - He taone i āta maheretia	The wider community and people with properties protected from flooding, Commerce and industry directly benefit from addressing and remediating flooding to ensure economic activity can continue efficiently.	Benefit is expected to arise in the year funding is sourced.	Property owners in flood prone areas create the need for this activity.  The actions of individuals and businesses who are planning, or who attract growth to the city, have an impact on this activity.  Commercial and industrial operations contribute to requirements for infrastructure to be resilient and able to cope with heavy vehicles and traffic flow.	Identifying separate targeted rates assists in the accountability and transparency of Council's expenditure on this activity.	UNLIKELY	HIGH	HIGH	UNLIKELY	UNLIKELY	Funding from a mix of general and targeted flood protection rate ensures the costs are recovered from properties that benefit from flood protection, and the wider community that benefits.  NOTE: This will be operational as a standalone activity following the transition of the three waters to the Water Services Entity.  General rates are appropriate recognising the social and economic wellbeing that comes from a flood resilient and well managed city. General rates differentials are appropriate recognising the social, environmental and economic wellbeing impacts and benefits to the commercial and industry sector of flooding resilience and recovery being appropriately managed
Sustainability and Waste												
Sustainability & Waste	Improves sustainability and ensures the protection of public health and the environment via managing the collection and disposal of the community's waste and promoting sustainable practices and our response to climate change and sustainability targets	Values and protects the environment - Tauranga Taurikura	Individuals benefit directly from waste collection and waste facilities.  Users of transfer stations benefit from having a waste disposal location.  People using waste education programmes benefit from those initiatives.  The whole community including commercial and industrial properties benefit from sustainability and climate change initiatives waste minimisation, education, improved sustainability	Benefit of most operating costs is expected to arise in the year funding is sourced.  Some benefits from the sustainability initiatives are likely to accrue over time or in the future.	The actions of individuals and groups create the need for this activity through waste generation.  Groups that generate large amounts of waste such as industry, commercial, and construction and demolition industry.  The actions of individuals and business (commercial and industrial) who are planning, or who attract, growth to the city, have an impact on this activity.	Identifying targeted rates for this activity assists in accountability.  User charges recognise the accountability of users to pay for a service provided.	LOW	MEDIUM	MEDIUM	LOW	UNLIKELY	The actions of individuals or groups create the need to have this activity. Funding from targeted rates and user fees and charges appropriately recognise this for the waste collection service in particular.  There are public benefits to waste minimisation and the implementation of the climate action plan and sustainability. Protecting the environment enhances quality of life. General rates are appropriate to fund this activity based on the whole of community benefits from reducing and managing waste and the availability of support in carbon reduction and climate resilience. General rates differentials are appropriate recognising the social, environmental and economic wellbeing impacts and benefits to the commercial and industry sector of sustainability and climate change being appropriately managed

Objective ID A14426953

Activity	Nature of benefit	Primary Community	Beneficiaries	Period of benefit	Who creates need?	Separate funding		Propo	sed Funding S	Rationale for Funding		
		Outcome(s)		benefit			Fees & Charges	General Rates	Targeted Rates	Subsidies, grants, etc	Overheads	
			performance and waste collection.									
City and Infrast	tructure Planning						'	<u>'</u>				
City and Infrastructure Planning	Promotes sustainable management of Tauranga City's natural and physical resources for existing and future people and communities.	The sustainable management of our natural resources and providing for infrastructure in the future contributes to all community outcomes.	Council, residents, homeowners, industry, the community as a whole, developers, commercial and industrial users.	Benefit is expected to arise in the year funding is sourced. Some benefits are short to long term, benefitting future generations.	The actions of individuals and business (commercial and industrial) who are planning, or who attract, growth to the city, have an impact on this activity.  Commercial and industrial users benefit from an efficient and well planned economy	User charges assist in fair and equitable funding of Council's expenditure for this activity.  There are no transparency benefits to funding the community portion of this activity separately to general rates.	LOW	MEDIUM	UNLIKELY	UNLIKELY	UNLIKELY	Fees and charges recognise the immediate benefit to people or groups instigating plan changes.  General rate funding recognises the whole of community benefit of having a well-planned city, catered for growth, with planned infrastructure. The allocation of the liability is able to be spread across the city. However, while all users benefit commercial and industrial users and utility networks have been identified as having a higher proportion of benefit and creation of costs of transportation. A differential may be appropriate to reflect fair and equitable funding of this activity across these groups of users.
Community, Pe	eople and Relationships											
Activities include Democracy Services, Customer Services, Community Relations, Te Pou Takawaenga Māori Unit.	Enables democratic, local decision-making and action by and on behalf of our communities, provides customer service and engages the community about council business. Maintains high level strategic relationships with Tangata Whenua and the wider Māori Community that reflect the principles of the Treaty of Waitangi.	Community, People and Relationships work collaboratively with the community and all other Council activities which contribute to all community outcomes.	All member of the community benefit from this activity. The beneficiaries for each activity are captured in each individual funding needs analysis.	Benefit is expected to arise in the year funding is sourced.	The actions of individuals and groups impact on this activity.	There is a high degree of public benefit, and little transparency benefit to funding the community portion of this activity separately to general rates.	LOW	UNLIKELY	UNLIKELY	LOW	HIGH	Operating costs are allocated as an overhead through the Council's other activities, or specific functions can be recovered through other activities.  A small amount of external funding is available for this activity for citizenship ceremonies, and from the Regional Council for contribution to election costs, cadet programmes from MSD. There are sometimes opportunities for partnership with organisations for external Cultural and Heritage funding, however the funding would sit with the delivering activity or external partner.  Fees and charges recognise the immediate benefit to people or groups requesting LIMs and property information, accessing cultural competence training, and other councils using TCC after hours service.  Service Centre functions will become part of an integrated community hub with wider library and hub facilities in the 2025/26 year.
Community Se											I	
Arts & Culture	Understanding of our heritage and experiencing art and the opportunity to share artwork.	An inclusive city - Tauranga Mataraunui Supports business and education - Tauranga a te kura	Those people who access the Art Gallery, either as a visitor or an exhibitor. Local creative sector and arts, culture and heritage organisations.	Benefit is expected to arise in the year funding is sourced.	Those accessing the Art Gallery and the Heritage Collection, creative sector, and education sector.  The actions of individuals and business (commercial and	This activity is high public benefit. The costs of funding the activity separately to general rates would not outweigh the transparency benefit.	LOW	HIGH	UNLIKELY	LOW	UNLIKELY	General rates are the appropriate funding source for the community as they are easy to administer, and it recognise the benefit from art and heritage promotion. General rates are used to fund the grant to the Art Gallery, and fees and charges are levied by the Art Gallery.

Objective ID A14426953

Activity	Nature of benefit	Primary Community	Beneficiaries	Period of benefit	Who creates need?	Separate funding		Propo	osed Funding S	ources		Rationale for Funding
		Outcome(s)		Benefit			Fees & Charges	General Rates	Targeted Rates	Subsidies, grants, etc	Overheads	
			Hands on Tauranga users, education sector.  The community as a whole for access to cultural and heritage facilities and programmes, as well as a vibrant city.		industrial) who are planning, or who attract, growth to the city, have an impact on this activity.							Fees and charges recognise the user benefit of education services and cultural heritage programmes.  There may be potential for external funding in the future for the educational and cultural/heritage services we provide.
City Centre Development	Manages the delivery of the Te Manawataki o Te Papa civic precinct development and Tauranga Moana Waterfront development projects, as well as delivery of a number of other community amenity projects, including Memorial Park.  A city centre that reflects its history and culture and is a place that future generations can be proud of.	This activity contributes to all community outcomes through the construction of Te Manawataki o Te Papa, the Waterfront development and the Memorial Park projects.	The whole community benefits from economic effects of tourism, a place where people can come together to connect, share stories, learn, discover, enjoy the present, shape our future, be entertained, and have fun.  Visitors benefit from enjoyment of the city centre with more things to do, increased amenities/facilities.  Businesses in the city centre benefit from improvements to foot traffic, beautification and accessibility bringing more customers to the city centre.	Benefit is expected to arise in the year funding is sourced.  Economic benefits are short to long term, benefitting future generations.	The actions of most individuals and groups have an impact on this activity.  Visitors to the city increase the need for this activity.  The actions of individuals and business (commercial and industrial) who are planning, or who attract, growth to the city, have an impact on this activity	This activity is high public benefit. The costs of funding the activity separately to general rates would not outweigh the transparency benefit.	UNLIKELY	HIGH	POTENTIAL	POTENTIAL	UNLIKELY	General rates are the appropriate funding source for the community as they are easy to administer, and it recognise the social, cultural, and economic benefits of a vibrant city centre.
Community Development	Empowers communities to actively participate, make decisions and work towards self-reliance to build strong, resilient sustainable communities.	An inclusive city - Tauranga Mataraunui	The community as a whole benefit from social equity, a sense of community pride and belonging, connection, and improved social wellbeing and outcomes.	Benefit is expected to arise in the year funding is sourced. Some benefits are short to long term, benefitting future generations.	Community organisations and businesses requiring support. The actions of individuals and business (commercial and industrial) who are planning, or who attract, growth to the city, have an impact on this activity.	This activity is high public benefit. The costs of funding the activity separately to general rates would not outweigh the transparency benefit.	UNLIKELY	HIGH	UNLIKELY	LOW	UNLIKELY	General rates are the appropriate funding source for households and businesses as they are easy to administer and recognises the benefit from community development.  There may be potential for external funding in the future from social development and government agencies.
Libraries	Provides a hub for community connection. Provides accessible educational opportunities, supports literacy and encourages lifelong	An inclusive city - Tauranga Mataraunui Well-planned city - Tauranga - Tatai Whenua	The primary benefit is to those that borrow and use library material and resources.  Benefits also accrue to the wider community through	Benefit is expected to arise in the year funding is sourced. Educational and community belonging benefits are	The actions of individuals and groups have a minor impact on this activity. The actions of individuals and business (commercial and	This activity is high public benefit. The costs of funding the activity separately to general rates would not outweigh the transparency benefit.  User charges assist in fair and equitable cost recovery of Council's	LOW	HIGH	POTENTIAL	POTENTIAL	UNLIKELY	The private good component of the library activity is recovered through user charges and fines. High levels of user charging will in many cases, restrict accessibility to those who currently benefit the most for the activity.  General rates are the appropriate funding source for households as they

Activity	Nature of benefit	Primary Community	Beneficiaries	Period of benefit	Who creates need?	Separate funding		Propo	sed Funding S	ources		Rationale for Funding
		Outcome(s)		Benefit			Fees & Charges	General Rates	Targeted Rates	Subsidies, grants, etc	Overheads	
	learning, research and innovation.  Preservation and sharing of Tauranga history and taonga.  Programmes, events and learning opportunities engage the community.	Supports business and education - Tauranga a te kura	the availability of library resources.	short to long term, benefitting future generations.	industrial) who are planning, or who attract, growth to the city, have an impact on this activity.	expenditure for this activity.						are easy to administer and recognise the benefits and availability of the libraries.  There is potential for external funding to be available from time to time to fund certain activities.
Venues and Events	Economic and social benefits including encouraging visitors to Tauranga, contributing to community pride, and belonging.	An inclusive city - Tauranga Mataraunui	Individuals, visitors, film makers, tourism industry, non-profit and community groups, businesses, and the community as a whole.	Benefit is expected to arise in the year funding is sourced. The community pride and economic benefits are short to long term, benefitting future generations.	The actions of most individuals and groups have a minor impact on this activity, particularly those organising events and requiring venues.  The actions of individuals and business (commercial and industrial) who are planning, or who attract, growth to the city, have an impact on this activity.	This activity is high public benefit. The costs of funding the activity separately to general rates would not outweigh the transparency benefit. User charges assist in fair and equitable cost recovery of Council's expenditure for this activity.	LOW	HIGH	LOW	LOW	UNLIKELY	The use of the general rate to fund Events and venues recognises the benefits to the whole community.  Fees and charges recognise the immediate benefit to people or groups hosting events using Council venues, and leasing property space.  External funding is available for some events and venues, and through the Friends of Baycourt Trust. Other funding may be available from time to time.
Economic Deve	elopment									<u> </u>		
Airport	Provides a facility for air transport services to connect Tauranga with the rest of the country and the world.	Supports business and education - Tauranga a te kura Easy to move around - Tauranga Ara Rau	Users of the airport, lessees of Airport land, business community, recreational aviators, commercial aviation industry, taxi and rental car operators.	Benefit is expected to arise in the year funding is sourced.	Individuals using the airport as passengers, to transport goods and for aviation education.  Those who lease Airport land to operate their businesses.	User charges assist in accountability and transparency cost recovery of Council's expenditure for this activity.	HIGH	UNLIKELY	UNLIKELY	LOW	UNLIKELY	Fees and charges recognise that the benefits of the airport activity occur to individual users of the airport, lessees of land. These are well established methods for charging airport users.  A small portion of interest revenue contributes to the funding of this activity.
Economic Development	Facilitates value creation and employment opportunities to enable our economy to become more competitive, resilient and sustainable.	Supports business and education - Tauranga a te kura An inclusive city – Tauranga Mataraunui	Businesses, visitors, investors, educational institutions, and the community as a whole from the efforts to grow the economy.	Benefit is expected to arise in the year funding is sourced.  Economic and education benefits are short to long term, benefitting future generations.	The actions of individuals and groups impact on this activity.  The actions of individuals and business (commercial and industrial) who are planning, or who attract, growth to the city, have an impact on this activity.	Identifying a separate targeted rate for commercial properties assists in the fairness, accountability and transparency of Council's expenditure on this activity.	UNLIKELY	UNLIKELY	HIGH	LOW	UNLIKELY	A targeted rate for commercial properties acknowledges that the benefit of this activity goes to commercial ratepayers.
Marine Precinc	t											
Marine Precinct	Delivers a purpose built marine servicing facility.	Supports business and education - Tauranga a te kura	Those using the marine precinct – predominately the	Benefit is expected to arise in the year	Individuals and commercial business using the marine precinct	Identifying separate fees and charges assists in the accountability of Council's expenditure	HIGH	UNLIKELY	UNLIKELY	POTENTIAL	UNLIKELY	User charges recognise the benefits for people who use marine precinct.  Objective ID 414426953

Objective ID A14426953

Activity	Nature of benefit	Primary Community	Beneficiaries	Period of benefit	Who creates need?	Separate funding		Propo	sed Funding S	Sources		Rationale for Funding
		Outcome(s)		benefit			Fees & Charges	General Rates	Targeted Rates	Subsidies, grants, etc	Overheads	
		Values and protects the environment - Tauranga Taurikura	marine and fishing industries.	funding is sourced.	create a need for this activity.	and charges those who cause the need for the activity.						
Emergency Ma	nagement						'				<u>'</u>	
Emergency Management	Reduces the risk from hazards by ensuring a coordinated effective response during civil emergencies and business continuity incidents.	Values and protects the environment - Tauranga Taurikura An inclusive city – Tauranga Mataraunui	The community as a whole, businesses, partners and stakeholders (e.g. emergency services) and the Council itself benefits from preparedness, response to, and recovery from events.	Benefit is expected to arise in the year funding is sourced. Planning and recovery provides short to long term benefits of a resilient community.	All individuals and groups create a need for this activity. The actions of individuals and business (commercial and industrial) who are planning, or who attract, growth to the city, have an impact on this activity.	This activity is high public benefit. The costs of funding the activity separately to general rates would not outweigh the transparency benefit. A separate targeted rate provides accountability for our resilience planning funding.	UNLIKELY	HIGH	LOW	POTENTIAL	UNLIKELY	The high general rates allocation recognises the whole community benefits from resilience, planning, response, and recovery from emergency events.  A targeted rate for resilience provides accountability for funding emergency preparedness and making our city more resilient to disaster and climate change.  There is potential for some external resilience funding for specific projects.
Regulatory and	l Compliance										<u>'</u>	
Animal Services	Maintains animal control. People feel safe.  Dog registration benefits dog owners by allowing legal ownership and enabling impounded dogs to be traced.	Values and protects the environment - Tauranga Taurikura An inclusive city – Tauranga Mataraunui	Owners of dogs and other animals such as poultry and bees. Schools and workplaces receiving education. The community as a whole benefit from an environment free from nuisance animal behaviours, and safety from dangerous dogs.	Benefit is expected to arise in the year funding is sourced.	Owners or keepers of animals create the need for this activity.  People who breach the Keeping of Animals Bylaw and allow dogs to roam create a need for monitoring.	Identifying separate fees and charges for dog registration assists in the accountability of Council's expenditure on the dog control part of this activity.  General rates funding recognises the public benefit of animal control and the reduction of animal nuisance.	HIGH	LOW	UNLIKELY	POTENTIAL	UNLIKELY	User charges recognise that dog owners create the need for this activity, and irresponsible ownership behaviours result in infringements.  General rates are the appropriate funding source for the public safety, protection from nuisance, and education benefits.  There is external funding available from time to time depending on national direction and strategies, e.g. dog neutering campaigns.
Building Services	Implements processes to ensure buildings are safe and legally compliant and inspects swimming pool fencing as per the Building Act 2004.	Well-planned city - Tauranga - Tatai Whenua Values and protects the environment - Tauranga Taurikura An inclusive city – Tauranga Mataraunui	Building consent applicants, owners, future owners, commercial owners benefit from safe and sanitary buildings. The community benefit from assured safety of buildings, (public and private), fenced swimming pools.	Benefit is expected to arise in the year funding is sourced. Some benefits will be received by future owners and future generations.	The actions of most individuals and groups have a minor impact on this activity.  People carrying out building work or with a swimming pool on their property create a need for this activity.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.  Using targeted rates for swimming pool inspections assists in fairness and are easy to administer.  General rates funding recognises the public safety benefits.	HIGH	LOW	LOW	LOW	UNLIKELY	User charges recognise that the need for building services is created by people carrying out building work, and it being required to be certified legally compliant.  A targeted rate for private swimming pool inspections recognises the benefits owners receive by in having safely fenced pools.  General rates are an appropriate funding source for the community to recognise the benefits of safe and sanitary buildings and pools, and public access to queries and complaints. Subsidies for building consents relating to the installation of solar panels are completely funded by general rates, given the environmental benefit.
Environmental Planning	Enables sustainable growth and development throughout the city.  Delivers assts associated with the	Well-planned city - Tauranga - Tatai Whenua	Individuals who apply for resource consents and use the other services of this activity such as accessing information	Benefit is expected to arise in the year funding is sourced.	The actions of most individuals and groups have a minor impact on this activity.	Identifying separate user charges assists in the accountability and transparency of Council's expenditure on this activity.	MEDIUM	MEDIUM	UNLIKELY	POTENTIAL	UNLIKELY	User charges recognise that the need for this activity arises from those who carry out activities requiring resource consents.  General rates are an appropriate funding source for the community to recognise  Objective ID A14426953

Activity	Nature of benefit	Primary Community	Beneficiaries	Period of benefit	Who creates need?	Separate funding		Propo	sed Funding S	ources		Rationale for Funding
		Outcome(s)		Benefit			Fees & Charges	General Rates	<b>Targeted</b> <b>Rates</b>	Subsidies, grants, etc	Overheads	
	subdivision and land development processes that are fit for purpose.	Supports business and education - Tauranga a te kura	relating to planning issues.  Affected parties benefit from having views considered in relation to land use and subdivision activities.  The whole community benefits from sustainable growth, protection of amenity.	Longer term sustainable growth and protection of amenity benefits future generations.	People carrying out certain activities and developing land create the need for this activity.  The actions of individuals and business (commercial and industrial) who are planning, or who attract, growth to the city, have an impact on this activity.	General rates funding recognises the public benefit of sustainable growth and protection of amenity.						the benefits of sustainable growth and protection of amenity through ensuring adverse effects of development are mitigated or remedied. Additionally, the public benefit from being able to query activities and receive response to complaints.
Environmental Health and Licensing	Protecting public health through education, registration and monitoring of food, health, and alcohol related businesses	An inclusive city – Tauranga Mataraunui Well-planned city - Tauranga - Tatai Whenua Supports business and education - Tauranga a te kura	The benefit of inspection and licensing of premises occurs mostly to the public.  Premises requiring licensing receive reputation benefits from having a licence.	Benefit is expected to arise in the year funding is sourced. Long term public health and education benefits future generations.	The actions of most individuals and groups have a minor impact on this activity.  Premises requiring licensing and monitoring create the need for this activity.  The actions of individuals and business (commercial and industrial) who are planning, or who attract, growth to the city, have an impact on this activity.	Identifying separate user charges assists in the accountability and transparency of Council's expenditure on this activity.  General rates funding recognises the public health benefit of safe and sanitary food premises and the reduction of alcohol related harm.	MEDIUM	MEDIUM	UNLIKELY	POTENTIAL	UNLIKELY	User charges recognise that the need for this activity is created by premises requiring licensing and reflect the public reputation benefits of being a licensed premises, providing some assurance to customers.  General rates are the appropriate funding source for households and businesses as they are easy to administer and recognise the public health benefits of safe food premises, reducing alcohol related harm, and ensuring other premises requiring registration are operating in a hygienic manner.
Regulation Monitoring	Ensures and encourages compliance with the city's bylaws and various Land Transport legislation. Contributes to community well-being by responding to social issues and promoting road safety.	As an activity monitoring various rules spanning different activities, Regulation Monitoring contributes to all community outcomes.	The whole community benefits from the efficient monitoring of bylaws, some groups benefit from specific bylaw monitoring relevant to their business, activities, or personal circumstance.	Benefit is expected to arise in the year funding is sourced.	The actions of most individuals and groups have an impact on this activity.  People who do not comply with rules create a need for monitoring and enforcement action.  The actions of individuals and business (commercial and industrial) who are planning, or who attract, growth to the city, have an impact on this activity.	This activity is of high public benefit. The costs of funding the activity separately to general rates would not outweigh the transparency benefit. Identifying separate user pays funding assists in the accountability of Council's expenditure on this activity.	LOW	HIGH	UNLIKELY	LOW	UNLIKELY	User charges and infringements recover costs from those using the services and breeching the bylaws.  General rates are the appropriate funding source for households and businesses as they are easy to administer. General rates recognise the benefit to the community of having rules monitored and enforced, and benefits received by businesses regarding parking availability and customer turnover.
Spaces and Pla	aces											
Cemeteries	The provision of cemetery and cremation services, a place to preserve	A well planned city - He taone i āta maheretia	Those using the services of the	Expected to arise in the year	The actions of most individuals create a need for this activity.	Identifying separate user pays funding assists in the accountability and transparency of Council's	HIGH	UNLIKELY	UNLIKELY	LOW	UNLIKELY	User charges recognise that the need for this activity is from those who use the service.  Objective ID A14426953

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Activity	Nature of benefit	Primary Community	Beneficiaries	Period of benefit	Who creates need?	Separate funding		Propo	sed Funding S	ources		Rationale for Funding
		Outcome(s)		Benefit			Fees & Charges	General Rates	<b>Targeted</b> Rates	Subsidies, grants, etc	Overheads	
	history of the deceased and a place for remembrance and connection.	An inclusive city – Tauranga Mataraunui	cemetery and crematorium.  The Community also benefit through the protection of public health and the maintenance of cemeteries and cemetery records for future generations to locate their ancestor's burial plot/site.	funding is sourced. However, some benefits to future generations occur in the future.	The actions of individuals and business (commercial and industrial) who are planning, or who attract, growth to the city, have an impact on this activity.	expenditure on this activity.						Some external funding is available in the way of hardship grants for individuals or families that cannot afford the cost of service.
Beachside Holiday Park	Provides accommodation and on onsite visitor information centre at the base of Mauao. Encourages tourism and a social atmosphere in the Mount North area.	Supports business and education - Tauranga a te kura	Visitors benefit from use of the facility; businesses benefit from visitor spending and information services.  The wider community also benefits from economic activity.	Occurs in the year funding is sourced.	People requiring accommodation and visitor support create the need for this activity.  The actions of individuals and business attracting visitors to the city have an impact on this activity.	User pays funding assists in the accountability and transparency of Council's expenditure on this activity.	HIGH	UNLIKELY	UNLIKELY	LOW	UNLIKELY	User charges recognise that the need for this activity is from people who require accommodation and visitor information services, and they are largely the ones who benefit.  External funds are available from time to time such as the Tourism Infrastructure Fund.
Marine Facilities	Provides both recreational and commercial marine facilities. Leases land and commercial premises in marine areas.	Well-planned city - Tauranga - Tatai Whenua Easy to move around - Tauranga Ara Rau Supports business and education - Tauranga a te kura	Commercial users benefit from convenient facilities to operate their business from.  Recreational users benefit from use of facilities for recreation, including carparking.  Leaseholders of land and premises benefit from the use of the land and accessible storage options for boats and tractors.	Benefit is expected to arise in the year funding is sourced.	Commercial and recreational wharf users create the need for this activity. The actions of individuals and business who attract visitors to the city have an impact on this activity.	User pays funding assists in the accountability and transparency of Council's expenditure on this activity.	LOW	HIGH	UNLIKELY	POTENTIAL	UNLIKELY	User charges recognise that the need for this activity is from commercial and recreational users. Benefits received by users include berthing vessels at wharves, social benefits of recreation, convenient carparking for vehicles and trailers. Businesses receive benefits of a convenient location for pick up and drop off for cruises and boat tours.  General rates are the appropriate funding source for households and businesses as they are easy to administer and recognise the public availability of marine facilities for community use as well as the wider economic benefits of marine activities.
Spaces and Places	Protects and enhances a network of quality reserves and community facilities, that enable a range of experiences and services to the community.  Protects the environmental, cultural, heritage, ecological and biodiversity values of the varied open spaces.	A well planned city - He taone i āta maheretia An inclusive city — Tauranga Mataraunui	Users of facilities and spaces. the whole community for availability of spaces for recreation and enjoyment.  Businesses benefit from commercial use of spaces, and visitors from outside the city also benefit from use, including carparking near recreation facilities.	Benefit is expected to arise in the year funding is sourced.	Individual and groups requiring space and places for events and sports create a need for this activity. High performance sports expect a higher level of service. The actions of individuals and business (commercial and industrial) who are planning, or who attract, growth to the	Identifying separate user charges assists in the accountability and transparency of Council's expenditure on this activity.	LOW	HIGH	LOW	LOW	UNLIKELY	User charges recognise that the need for this activity arises from individuals and groups using the spaces and places for both recreation and commercial activity. Paying users have the use of spaces and places to the exclusion of others.  Targeted rates acknowledge the higher level of service for some areas and can also ring fence revenue for investment on particular amenities over time  General rates are the appropriate funding source for households and businesses as they are easy to administer and recognise the social, physical, and mental benefits of passive and active recreation.

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Activity	Nature of benefit	Primary	Beneficiaries	Period of benefit	Who creates need?	Separate funding		Propo	sed Funding S	ources		Rationale for Funding
		Community Outcome(s)		benefit			Fees & Charges	General Rates	Targeted Rates	Subsidies, grants, etc	Overheads	
					city, have an impact on this activity.							
Support Service	es											
Includes Asset Services, Strategic Property & Commercial Facilitation, Digital Services, Finance, Capital Programme Assurance Division, Legal, Risk and Procurement, People, Performance & Culture, Strategy & Corporate Planning.	Contribute to all of Council's activities by enabling them.  The nature of benefit for each activity are captured in each individual funding needs analysis.	Support Services work collaboratively with all other Council activities which contribute to all community outcomes.	The whole community benefits as Support Services enable all other Council activities to provide services to the community. The beneficiaries for each activity are captured in each individual funding needs analysis.	Benefit is expected to arise in the year funding is sourced.  Some benefits are longer term, allowing appropriate renewal of assets, financial forecasting, and business continuity.	There is limited impact from specific individuals, as the whole community creates the need for Support Services.	Council considers that there is little transparency or accountability benefit of separate funding for this activity.	LOW	LOW	LOW	UNLIIKEY	HIGH	Operating costs are allocated as an overhead through the Council's other activities, or specific functions can be recovered through other activities.

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	Tuning Cop											
Course   C	<b>Prospective Statement of Comprehensive F</b>	Revenue and Ex	pense									
Part		Council AP	Council LTP									
Rates 290,722 321,733 356,485 274,253 293,916 314,665 337,229 361,731 388,183 416,344 456,288 6mets & Subsidiers 27,868 95,663 88,485 24,679 25,549 25,501 19,474 19,788 20,128 20,465 20,977 19,786 51,000 6mets 27,868 19,000 6m	REVENUE											
Grants & Subsidier         37,808         95,653         83,465         24,697         25,507         25,507         19,747         19,788         20,128         20,168         20,307           Feer & Changes         62,098         64,350         71,313         69,991         75,677         78,866         79,120         89,545         82,008         85,084         83,008         65,858         43,207         75,677         78,866         79,120         80,545         82,008         85,084         6,820         75,702         78,866         79,120         80,545         40,209         75,020         75,000         40,527         441,925         468,121         497,757         582,026         57,020         57,000         40,677         44,925         441,925         40,404         2,400         4,600         4,642         3,704         3,014         2,012         2,046         3,000         4,600         7,600         6,807         4,402         3,704         3,019         2,012         2,013         3,000         2,000         4,000         7,000         6,807         6,402         3,704         3,01         2,012         2,000         2,000         2,000         2,000         2,000         2,000         2,000         2,000         <	OPERATING REVENUE											
Fee & Changes 62,098 68,350 71,331 69,91 75,667 78,866 79,120 80,545 81,008 85,048 83,866 finance Revenue 4,878 6,553 5,588 374,192 60,442 424,377 41,925 66,120 6,048 6,556 6,304 6,306 57,002 TOTAL OPERATING REVENUE 395,546 422,889 515,588 374,192 60,442 424,377 41,925 468,121 47,757 528,236 557,002 TOTAL OPERATING REVENUE & OTHER GAINS  Development Contributions 31,471 31,973 34,532 64,10 7,800 6,867 6,462 3,784 2,014 2,012 2,004 2,178 Contributions 31,471 31,973 34,532 64,10 7,800 6,867 6,462 3,784 2,014 2,012 2,004 2,178 Contributions 48,056 144,855 12,246 178,907 199,593 88,466 75,793 78,160 82,413 90,907 24,726 Contributions 48,056 144,855 12,2466 178,907 199,593 88,466 75,793 78,160 82,413 90,907 24,726 Contributions 41,000 21,938 221,739 195,007 24,765 10,704 55,555 5,513 5,32 4,32 4,32 4,482 CONTRAL ASSET DEVELOPMENT REVENUE & OTHER GAINS 12,000 21,938 221,739 195,007 24,866 10,024 89,709 89,919 192,771 10,000 24,000 2	Rates	290,762	321,733	356,485	274,253	293,916	314,665	337,229	361,731	388,183	416,354	445,828
Finance Revenue 4,878 6,953 5,266 5,252 5,311 5,566 6,102 6,048 6,256 6,394 6,526 557,092 1074 OPERATING REVENUE 395,546 42,689 516,588 374,192 400,442 424,597 441,925 468,121 497,575 528,296 537,092 ASSET DEVELOPMENT REVENUE & OTHER GAINS  Development Contributions 37,471 33,973 34,532 6,410 7,800 6,87 6,462 3,764 3,044 2,663 3,506 100 6 10 6 10 6 10 6 10 6 10 6 10 6	Grants & Subsidies	37,808	95,653	83,485	24,697	25,549	25,501	19,474	19,798	20,128	20,465	20,877
Companies   Comp	Fees & Charges	62,098	68,350	71,331	69,991	75,667	78,866	79,120	80,545	83,008	85,084	83,866
Public   P	Finance Revenue	4,878	6,953	5,286	5,252	5,311	5,566	6,102	6,048	6,256	6,394	6,520
Development Contributions   37,471   33,973   34,532   6,410   7,800   6,867   6,462   3,784   3,014   2,663   3,506	TOTAL OPERATING REVENUE	395,546	492,689	516,588	374,192	400,442	424,597	441,925	468,121	497,575	528,296	557,092
Other Gains         1.436         1,525         1,587         1,651         1,717         1,787         1,859         1,934         2,012         2,094         2,178           Grants, Subsidies & Other Capital Expenditure Contributions         86,056         144,635         162,466         178,907         199,593         88,486         75,793         78,160         82,413         90,987         87,296           Vested Assets         17,726         39,252         23,155         8,059         5,716         5,704         5,595         5,513         5,332         4,382         4,482           TOTAL ASSET DEVELOPMENT REVENUE & OTHER GAINS         142,690         219,385         221,779         195,027         214,826         102,844         89,709         89,391         9,771         100,126         97,462           TOTAL REVENUE         538,236         712,074         738,327         569,219         615,269         527,411         531,634         57,512         99,346         628,423         654,555           EVENUE         599,240         50,502         52,724         531,634         575,512         590,46         628,423         654,555           EVENUE         500         500         11,629         115,401         113,635         <	ASSET DEVELOPMENT REVENUE & OTHER GAINS											
Grants, Subsidies & Other Capital Expenditure Contributions 86.056 144,635 162,466 178,907 199,593 88,486 75,793 78,160 82,413 90,997 87,296 Vested Assets 17,726 39,252 23,155 8.059 5,716 5,704 5,595 5,513 5,332 4,382 4,482 TOTAL ASSET DEVELOPMENT REVENUE & OTHER GAINS 142,690 219,385 221,739 195,027 214,826 102,844 89,709 89,391 92,771 100,126 97,462 TOTAL REVENUE \$538,236 712,074 738,227 569,219 615,269 527,441 531,634 557,512 590,346 628,423 654,555 EXPENSE  **Personnel Expenses**  **Depreciation & Amortisation Expenses**  **103,506 116,406 116,802 111,629 115,401 113,835 111,901 112,400 113,485 115,933 116,541 Depreciation & Amortisation Expenses**  **Binance Expenses**  **43,676 59,347 66,559 55,733 52,800 54,349 64,918 67,000 73,002 75,683 78,362 Other Operating Expenses**  **219,900 301,495 286,529 175,191 172,584 181,294 182,930 183,162 190,496 193,896 203,260 TOTAL OPERATING EXPENDITURE**  **TOTAL OPERATING EXPENDITURE**  **TOTAL OPERATING EXPENDITURE**  **47,116 568,361 578,889 418,651 425,735 450,008 469,677 494,599 515,046 533,986 559,520 TOTAL OPERATING EXPENDITURE**  **48,316 583,861 575,389 419,151 426,235 451,008 469,677 495,099 515,046 534,486 560,020 SURPUS/(DEPICT) BEFORE TAX**  **89,919 128,214 162,939 150,068 188,033 76,434 61,958 62,413 74,800 93,936 94,535 OTHER COMPREHENSIVE REVENUE & EXPENSE**  **OTHER COMPREHENSIVE REVENUE & EXPENSE**  **24,100 186,288 180,355 120,648 118,622 118,921 139,149 107,238 106,437 94,741 124,018 OTHER COMPREHENSIVE REVENUE & EXPENSE**  **24,100 186,288 180,355 120,648 118,622 118,921 139,149 107,238 106,437 94,741 124,018 OTHER COMPREHENSIVE REVENUE & EXPENSE**  **24,100 186,288 180,355 120,648 118,622 118,921 139,149 107,238 106,437 94,741 124,018 OTHER COMPREHENSIVE REVENUE & EXPENSE**  **24,100 186,288 180,355 120,648 118,622 118,921 139,149 107,238 106,437 94,741 124,018 OTHER COMPREHENSIVE REVENUE & EXPENSE**  **24,100 186,288 180,355 120,648 118,622 118,921 139,149 107,238 106,437 94,741 124,018 OTHER COMPREHENSIVE REVENUE & EXPENSE**  **24,100 186,288	Development Contributions	37,471	33,973	34,532	6,410	7,800	6,867	6,462	3,784	3,014	2,663	3,506
Vested Assets   17,726   39,252   23,155   8,059   5,716   5,704   5,595   5,513   5,332   4,382   4,482     TOTAL ASSET DEVELOPMENT REVENUE & OTHER GAINS   142,690   219,385   221,739   195,027   214,826   102,844   89,709   89,391   92,771   100,126   97,462     TOTAL REVENUE   538,236   712,074   738,327   569,219   615,269   527,441   531,634   557,512   590,346   628,423   654,555     EXPENSE	Other Gains	1,436	1,525	1,587	1,651	1,717	1,787	1,859	1,934	2,012	2,094	2,178
TOTAL ASSET DEVELOPMENT REVENUE & OTHER GAINS 142,690 219,385 221,739 195,027 214,826 102,844 89,709 89,391 92,771 100,126 97,462  TOTAL REVENUE 538,236 712,074 738,327 569,219 615,269 527,441 531,634 557,512 590,346 628,423 654,555  EXPENSE  OPERATING EXPENDITURE  Personnel Expenses 80,034 91,113 102,998 76,098 84,950 101,028 109,428 132,037 137,863 148,474 161,358 finance Expenses 43,676 59,347 68,559 55,733 52,800 54,349 64,918 67,000 73,202 75,683 78,362 Other Operating Expenses 219,900 301,495 286,529 175,191 172,584 181,294 182,930 183,162 190,496 193,896 203,260 TOTAL OPERATING EXPENDITURE 447,116 568,361 574,889 418,651 425,735 450,508 469,177 494,599 515,046 533,986 559,520 TOTAL OTHER EXPENSES 1,200 15,500 500 500 500 500 500 500 500 500 50	Grants, Subsidies & Other Capital Expenditure Contributions	86,056	144,635	162,466	178,907	199,593	88,486	75,793	78,160	82,413	90,987	87,296
TOTAL REVENUE 538,236 712,074 738,327 569,219 615,269 527,441 531,634 557,512 590,346 628,423 654,555 EXPENSE  ***DPERATING EXPENDITURE**  **Personnel Expenses**  103,506 116,406 116,802 111,629 115,401 113,836 111,901 112,400 113,485 115,933 116,541 10,990 110,002 110,000 110,	Vested Assets	17,726	39,252	23,155	8,059	5,716	5,704	5,595	5,513	5,332	4,382	4,482
EXPENSE  OPERATING EXPENDITURE  Personnel Expenses 103,506 116,406 116,802 111,629 115,401 113,836 111,901 112,400 113,485 115,933 116,541  Depreciation & Amortisation Expenses 80,034 91,113 102,998 76,098 84,950 101,028 109,428 132,037 137,863 148,474 161,358  Finance Expenses 43,676 59,347 68,559 55,733 52,800 54,349 64,918 67,000 73,202 75,683 78,362  Other Operating Expenses 219,900 301,495 286,529 175,191 172,584 181,294 182,930 183,162 190,496 193,896 203,280  TOTAL OPERATING EXPENDITURE 447,116 568,361 574,889 418,651 425,735 450,508 469,177 494,599 515,046 533,986 559,520  TOTAL OTHER EXPENSES 1,200 15,500 500 500 500 500 500 500 500 500 50	TOTAL ASSET DEVELOPMENT REVENUE & OTHER GAINS	142,690	219,385	221,739	195,027	214,826	102,844	89,709	89,391	92,771	100,126	97,462
OPERATING EXPENDITURE           Personnel Expenses         103,506         116,406         116,802         111,629         115,401         113,836         111,901         112,400         113,485         115,933         116,541           Depreciation & Amortisation Expenses         80,034         91,113         102,998         76,098         84,950         101,028         109,428         132,037         137,863         148,474         161,358           Finance Expenses         43,676         59,347         68,559         55,733         52,800         54,349         64,918         67,000         73,202         75,683         78,362           Other Operating Expenses         219,900         301,495         286,529         175,191         172,584         181,294         182,930         183,162         190,496         193,896         203,260           TOTAL OPERATING EXPENDITURE         447,116         568,361         574,889         418,651         425,735         450,508         469,177         494,599         515,046         533,986         559,520           TOTAL EXPENDITURE         448,316         583,861         575,389         419,151         426,235         451,008         469,677         495,099         515,546         534,486	TOTAL REVENUE	538,236	712,074	738,327	569,219	615,269	527,441	531,634	557,512	590,346	628,423	654,555
Personnel Expenses 103,506 116,406 116,802 111,629 115,401 113,836 111,901 112,400 113,485 115,933 116,541 Depreciation & Amortisation Expenses 80,034 91,113 102,998 76,098 84,950 101,028 109,428 132,037 137,863 148,474 161,338 Finance Expenses 43,676 59,347 68,559 55,733 52,800 54,349 64,918 67,000 73,202 75,683 78,362 Other Operating Expenses 219,900 301,495 286,529 175,191 172,584 181,294 182,930 183,162 190,496 193,896 203,260 TOTAL OTHER EXPENSES 1,200 15,500 500 500 500 500 500 500 500 500 50	EXPENSE											
Depreciation & Amortisation Expenses 80,034 91,113 102,998 76,098 84,950 101,028 109,428 132,037 137,863 148,474 161,358 finance Expenses 43,676 59,347 68,559 55,733 52,800 54,349 64,918 67,000 73,202 75,683 78,362 Other Operating Expenses 219,900 301,495 286,529 175,191 172,584 181,294 182,930 183,162 190,496 193,896 203,260 TOTAL OPERATING EXPENDITURE 447,116 568,361 574,889 418,651 425,735 450,508 469,177 494,599 515,046 533,986 559,520 TOTAL OTHER EXPENSES 1,200 15,500 500 500 500 500 500 500 500 500 50	OPERATING EXPENDITURE											
Finance Expenses 43,676 59,347 68,559 55,733 52,800 54,349 64,918 67,000 73,202 75,683 78,362 Other Operating Expenses 219,900 301,495 286,529 175,191 172,584 181,294 182,930 183,162 190,496 193,896 203,260 TOTAL OPERATING EXPENDITURE 447,116 568,361 574,889 418,651 425,735 450,508 469,177 494,599 515,046 533,986 559,520 TOTAL OTHER EXPENSES 1,200 15,500 500 500 500 500 500 500 500 500 50	Personnel Expenses	103,506	116,406	116,802	111,629	115,401	113,836	111,901	112,400	113,485	115,933	116,541
Other Operating Expenses         219,900         301,495         286,529         175,191         172,584         181,294         182,930         183,162         190,496         193,896         203,260           TOTAL OPERATING EXPENDITURE         447,116         568,361         574,889         418,651         425,735         450,508         469,177         494,599         515,046         533,986         559,520           TOTAL OTHER EXPENSES         1,200         15,500         500	Depreciation & Amortisation Expenses	80,034	91,113	102,998	76,098	84,950	101,028	109,428	132,037	137,863	148,474	161,358
TOTAL OPERATING EXPENDITURE 447,116 568,361 574,889 418,651 425,735 450,508 469,177 494,599 515,046 533,986 559,520  TOTAL OTHER EXPENSES 1,200 15,500 500 500 500 500 500 500 500 500 50	Finance Expenses	43,676	59,347	68,559	55,733	52,800	54,349	64,918	67,000	73,202	75,683	78,362
TOTAL OTHER EXPENSES 1,200 15,500 500 500 500 500 500 500 500 500 50	Other Operating Expenses	219,900	301,495	286,529	175,191	172,584	181,294	182,930	183,162	190,496	193,896	203,260
TOTAL EXPENDITURE 448,316 583,861 575,389 419,151 426,235 451,008 469,677 495,099 515,546 534,486 560,020  SURPLUS/(DEFICIT) BEFORE TAX 89,919 128,214 162,939 150,068 189,033 76,434 61,958 62,413 74,800 93,936 94,535  OTHER COMPREHENSIVE REVENUE & EXPENSE  Asset Revaluation Reserve Gains/(Losses) 224,100 186,288 180,355 120,648 118,622 118,921 139,149 107,238 106,437 94,741 124,018  OTHER COMPREHENSIVE REVENUE & EXPENSE 224,100 186,288 180,355 120,648 118,622 118,921 139,149 107,238 106,437 94,741 124,018	TOTAL OPERATING EXPENDITURE	447,116	568,361	574,889	418,651	425,735	450,508	469,177	494,599	515,046	533,986	559,520
SURPLUS/(DEFICIT) BEFORE TAX         89,919         128,214         162,939         150,068         189,033         76,434         61,958         62,413         74,800         93,936         94,535           OTHER COMPREHENSIVE REVENUE & EXPENSE           Asset Revaluation Reserve Gains/(Losses)         224,100         186,288         180,355         120,648         118,622         118,921         139,149         107,238         106,437         94,741         124,018           OTHER COMPREHENSIVE REVENUE & EXPENSE         224,100         186,288         180,355         120,648         118,622         118,921         139,149         107,238         106,437         94,741         124,018	TOTAL OTHER EXPENSES	1,200	15,500	500	500	500	500	500	500	500	500	500
OTHER COMPREHENSIVE REVENUE & EXPENSE  Asset Revaluation Reserve Gains/(Losses)  224,100  186,288  180,355  120,648  118,622  118,921  139,149  107,238  106,437  94,741  124,018  OTHER COMPREHENSIVE REVENUE & EXPENSE  224,100  186,288  180,355  120,648  118,622  118,921  139,149  107,238  106,437  94,741  124,018	TOTAL EXPENDITURE	448,316	583,861	575,389	419,151	426,235	451,008	469,677	495,099	515,546	534,486	560,020
Asset Revaluation Reserve Gains/(Losses) 224,100 186,288 180,355 120,648 118,622 118,921 139,149 107,238 106,437 94,741 124,018 OTHER COMPREHENSIVE REVENUE & EXPENSE 224,100 186,288 180,355 120,648 118,622 118,921 139,149 107,238 106,437 94,741 124,018	SURPLUS/(DEFICIT) BEFORE TAX	89,919	128,214	162,939	150,068	189,033	76,434	61,958	62,413	74,800	93,936	94,535
OTHER COMPREHENSIVE REVENUE & EXPENSE 224,100 186,288 180,355 120,648 118,622 118,921 139,149 107,238 106,437 94,741 124,018	OTHER COMPREHENSIVE REVENUE & EXPENSE											
	Asset Revaluation Reserve Gains/(Losses)	224,100	186,288	180,355	120,648	118,622	118,921	139,149	107,238	106,437	94,741	124,018
TOTAL COMPREHENSIVE REVENUE & EXPENSES 314,019 314,501 343,294 270,716 307,656 195,355 201,106 169,652 181,238 188,677 218,553	OTHER COMPREHENSIVE REVENUE & EXPENSE	224,100	186,288	180,355	120,648	118,622	118,921	139,149	107,238	106,437	94,741	124,018
	TOTAL COMPREHENSIVE REVENUE & EXPENSES	314,019	314,501	343,294	270,716	307,656	195,355	201,106	169,652	181,238	188,677	218,553



PROSPECTIVE STATEMENT OF FINANCIA	L POSITION		
	2024 All of Council AP Budget (\$000's)	2025 All of Council LTP Budget (\$000's)	2026 All of Council LTP Budget (\$000's)
ASSETS			
ASSETS - CURRENT			
Cash and Cash Equivalents	19,988	80,538	80,538
Debtors & Other Receivables	42,256	59,196	60,912
Inventories	725	1,107	1,107
Derivative Financial Instruments	-	-	-
Other Investments	-	-	-
Other Current Assets	50,000	35,000	35,000
Financial Instruments Held for Sale	-	-	-
Non-Current Assets Held for Sale	65,548	40,824	40,824
Total Current Assets	178,518	216,665	218,382
ASSETS NON-CURRENT			
Derivative Financial Instruments	3,966	8,616	8,616
Other Financial Assets	29,249	37,375	38,962
Other Investments - CCOs	118,597	116,201	116,201
Other Investments - Other Entities	391	40,254	40,254
Investment Property	108,539	175,500	175,500
Intangible Assets	74,833	54,113	52,625
Forestry	8,996	8,846	9,112
Property, Plant & Equipment	6,939,075	7,183,115	7,707,936
Total Non-current assets	7,283,647	7,624,021	8,149,206
Total Assets	7,462,165	7,840,685	8,367,587

	2024 All of Council AP Budget (\$000's)	2025 All of Council LTP Budget (\$000's)	2026 All of Council LTP Budget (\$000's)
LIABILITIES			
LIABILITIES - CURRENT			
Payables & Deferred Revenue	84,481	99,680	102,571
Provisions	7,019	960	960
Employee Entitlements	8,873	11,236	11,562
Deposits Held	11,480	11,827	11,827
Revenue in Advance	4,618	4,115	4,235
Derivative Financial Instruments	294	-	-
Borrowings	175,888	157,405	598,894
Total Current Liabilities	292,654	285,224	730,049
LIABILITIES NON-CURRENT			
Provisions	4	4	4
Employee Entitlements	-	-	-
Derivative Financial Instruments	6,943	1,084	1,084
Borrowings	944,474	1,219,223	952,765
Other Non-Current Liabilities	6,109	6,109	6,109
Total Non-Current Liabilities	957,529	1,226,420	959,962
Total Liabilities	1,250,183	1,511,644	1,690,011
Net Assets	6,211,982	6,329,041	6,677,576
EQUITY			
Retained Earnings	1,762,251	2,041,383	2,336,713
General Reserves	-	-	-
Restricted Reserves	(335,907)	(421,069)	(528,487)
Other Council Created Reserves	101,368	89,827	70,095
Asset Revaluation Reserves	4,684,270	4,618,900	4,799,255
Total Equity	6,211,982	6,329,041	6,677,576



Date report generated 30 August 2023 3:30 AM

	2024 All of Council AP Budget (\$000's)	2025 All of Council LTP Budget (\$000's)	2026 All of Council LTP Budget (\$000's)	2027 All of Council LTP Budget (\$000's)	2028 All of Council LTP Budget (\$000's)	2029 All of Council LTP Budget (\$000's)	2030 All of Council LTP Budget (\$000's)	2031 All of Council LTP Budget (\$000's)	2032 All of Council LTP Budget (\$000's)	2033 All of Council LTP Budget (\$000's)	2034 All of Council LTP Budget (\$000's)
Sources of Operating Funding											
General Rates, Uniform Annual General Charge, Rates Penalties	174,564	215,528	243,922	250,753	269,144	288,389	309,077	330,908	357,766	384,443	412,27
Targeted Rates	116,198	106,205	112,563	23,500	24,772	26,276	28,152	30,823	30,417	31,911	33,54
Subsidies and Grants for Operating Purposes	36,585	94,430	82,262	23,474	24,326	24,278	18,251	18,575	18,905	19,242	19,65
Interest and dividends from investments *	4,878	6,953	5,286	5,252	5,311	5,566	6,102	6,048	6,256	6,394	6,52
Fees and Charges	61,425	66,822	69,803	68,461	74,136	77,334	77,586	79,010	81,472	83,546	82,32
Local Authorities Fuel Tax, Fines, Infringement Fees & Other Receipts	1,896	2,750	2,752	2,753	2,754	2,755	2,756	2,758	2,759	2,760	2,76
Total Operating Funding (A)	395,546	492,689	516,588	374,192	400,442	424,597	441,925	468,121	497,575	528,296	557,09
Applications of Operating Funding											
Payments to Staff & Suppliers	323,548	418,064	403,494	286,983	288,148	295,293	294,993	295,725	304,144	309,991	319,96
Finance Costs	43,513	59,162	68,374	55,549	52,615	54,164	64,733	66,815	73,017	75,498	78,17
Other Operating Funding applications	1,222	522	522	522	522	522	522	522	522	522	52
Total Applications of Operating Funding (B)	368,283	477,748	472,391	343,054	341,285	349,980	360,249	363,062	377,683	386,012	398,66
Surplus/(Deficit) of Operating Funding (A - B)	27,263	14,941	44,197	31,139	59,157	74,618	81,676	105,059	119,892	142,284	158,43
ources of Capital Funding											
Subsidies and Grants for Capital Expenditure	78,973	139,684	146,227	165,816	179,631	84,765	75,793	78,160	82,413	90,987	87,29
Development and Financial Contributions	37,471	33,973	34,532	6,410	7,800	6,867	6,462	3,784	3,014	2,663	3,50
Increase/(Decrease) in Debt	195,585	110,272	104,552	119,273	112,013	245,403	219,855	178,621	184,296	176,687	176,32
Gross proceeds from the sale of assets	2,021	48,383	13,328	10,035	61,543	-	-	-	-	-	
Lump Sum Contributions	7,083	4,951	16,238	13,091	19,962	3,721	-	-	-	-	
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	
Total Sources of Capital Funding (C)	321,132	337,263	314,877	314,625	380,949	340,756	302,110	260,565	269,723	270,337	267,12
Applications of Capital Funding											
Capital Expenditure:											
- to meet additional demand	86,399	226,846	237,242	115,553	99,919	95,203	98,113	76,505	70,346	47,639	52,95
- to improve level of service	219,484	124,433	113,510	160,466	192,559	211,229	164,589	150,617	164,251	180,617	173,90
- to replace existing assets	56,987	82,110	88,677	51,148	51,463	53,351	53,967	51,372	51,138	57,011	56,32
Increase/(Decrease) in Reserves	(14,474)	(81,185)	(80,354)	18,597	96,165	55,591	67,117	87,130	103,879	127,354	142,38
Increase/(Decrease) of Investments	-	-	-	-	-	-	-	-	-	-	
Total Applications of Capital Funding (D)	348,396	352,204	359,074	345,764	440,106	415,374	383,786	365,624	389,615	412,621	425,55
Surplus/(Deficit) of Capital Funding (C - D)	(27,264)	(14,941)	(44,197)	(31,139)	(59,157)	(74,618)	(81,676)	(105,059)	(119,892)	(142,284)	(158,431

11.8 2024-2034 - Long-term Plan - Adoption for Audit of draft Long-term Plan Consultation Document

File Number: A14990176

Author: Josh Logan, Team Leader: Corporate Planning

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#### **PURPOSE OF THE REPORT**

1. To gain approval to provide the draft 2024-34 Long-term Plan Consultation Document to Audit NZ.

#### **RECOMMENDATIONS**

That the Council:

- (a) Receives the report "2024-2034 Long-term Plan Adoption for Audit of draft Long-term Plan Consultation Document".
- (b) Approves the draft 2024-34 Long-term Plan Consultation Document (Attachment 1) for the purposes of submitting it to Audit New Zealand for the audit process with amendments to reflect the decisions made at this 11 September Council meeting with respect to the following reports:
  - (i) Draft User Fees and Charges Schedule for the Draft 2024-2034 Long Term Plan
  - (ii) Mount Maunganui Parking Strategy
  - (iii) Papamoa East / Wairakei / Te Tumu Investments Strategic Considerations and Funding Approaches.
- (c) Delegates authority to the Chief Executive to make editorial amendments to the draft 2024-34 Long-term Plan Consultation Document, if required, prior to it being submitted to Audit New Zealand.
- (d) Notes the final version of the 2024-34 Long-term Plan Consultation Document, following any amendments required by Audit New Zealand and for graphic design purposes, will be provided to Council for its approval at the meeting in early November 2023.

#### **EXECUTIVE SUMMARY**

- 2. This paper recommends adoption of the draft consultation document for the 2024-34 Long-term Plan (LTP), to enable it to be audited. This is a key step in progressing towards the eventual adoption of the 2024-34 Long-term Plan.
- 3. The consultation document has been prepared based on guidance received from Commissioners at the previous two Long-term Plan workshops in June and July and through Council decisions throughout 2023. It presents information from other key supporting LTP documents, such as the Infrastructure Strategy. The purpose of the consultation document is to provide key information to our communities, and to encourage them to share their views on the most significant issues and choices facing Council, allowing their views to be considered in the LTP decision making process.
- 4. The results of the audit of the consultation document will be provided to Council in early November 2023, at which time Council will be requested to approve the document for consultation. Council will receive public submissions between 15 November 2023 to 15 December 2023, and hold hearing and deliberations in February and March 2024, before adopting the final LTP.

#### **BACKGROUND**

- 5. The purpose of a LTP is to:
  - (a) describe the activities of the local authority; and
  - (b) describe the community outcomes of the local authority's district; and
  - (c) provide integrated decision-making and co-ordination of the resources of the local authority; and
  - (d) provide a long-term focus for the decisions and activities of the local authority; and
  - (e) provide a basis for accountability of the local authority to the community<sup>7</sup>.
- 6. An LTP is prepared every three years, covers ten years (and includes an infrastructure strategy that covers 30 years), must include specific information described in the Local Government Act 2002, must be audited, and can only be adopted after a period of public consultation on a consultation document which itself also needs to be audited<sup>8</sup>.
- 7. The consultation document is an important milestone in the development of the 2024-34 Long-term Plan. It sets out our broad direction over the next ten years, with a focus on the next three, how much that will cost, and the effects we will achieve. It asks the public to provide their views on key issues facing Council. It is the legal basis for consultation on the Long-term Plan and must be audited by Audit New Zealand.

#### STRATEGIC / STATUTORY CONTEXT

8. Council is required to have a LTP under section 93 of the Local Government Act (LGA). As part of this, it is required to utilise the Special Consultative Procedure, which at s93(c)(4) requires audit of the draft Consultation Document.

#### **DRAFT CONSULTATION DOCUMENT**

- 9. The consultation document for an LTP must be presented in as concise and simple a manner as possible, while still achieving its purpose. It must not be a draft LTP and must not include a full version of any of the draft supporting documents. It must clearly show to affected communities, using graphs and charts where appropriate, what is changing, with a particular focus on rates and debt levels.
- 10. Council must include a preferred option for any topic on which it is seeking community views and cost its budget to that option. Commissioners will be asked to adopt the consultation document only after having adopted all the supporting information.

# **OPTIONS ANALYSIS**

11. There are two options for consideration:

# Option 1: Council adopts the draft consultation document for submission to Audit NZ for formal audit.

12. Council approves the draft consultation document as proposed in **Attachment 1**.

Advar	ntages		Disadvantages
Keeps within the control	current timeframes.	•	Potential opportunities for amendments to the consultation document may not have been considered.
Recommended?	Yes		

<sup>&</sup>lt;sup>7</sup> Section 93(6), Local Government Act 2002

<sup>&</sup>lt;sup>8</sup> Sections 93(3), 93(7), 101B(1), 94, 93(2) and 93A(4), Local Government Act 2002 respectively.

# Option 2: Council does not adopt the draft consultation document for submission to Audit NZ for formal audit.

13. Council does not approve the draft consultation document as proposed in **Attachment 1**.

Advar	tages		Disadvantages
Potential opportun document to be an reconsidered.	ities for consultation nended and	•	Delay in adopting the consultation document (depending on the duration) may delay preparation of the LTP.
Recommended?	No		

#### **FINANCIAL CONSIDERATIONS**

14. There are no specific costs associated with option one, however pursuing option two could lead to time delays as processes and decision-making may need to be revisited.

## **LEGAL IMPLICATIONS / RISKS**

15. Legislative issues are considered in the Background and Strategic/Statutory Context sections to this report.

#### **CONSULTATION / ENGAGEMENT**

16. The draft 2024-34 LTP Consultation Document is scheduled to be adopted in early November 2023. After that adoption it will be consulted on with the community between 15 November and 15 December 2023, using the special consultative procedure outlined in section 93A of the LGA.

#### **SIGNIFICANCE**

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

#### **ENGAGEMENT**

20. Taking into consideration the above assessment, that the decision is of low significance, and the draft consultation document is scheduled to be adopted along with supporting documentation in early November 2023, no further engagement is necessary at this preliminary stage. After that adoption in early November, consultation will occur with the community in accordance with section 93A of the LGA.

#### **NEXT STEPS**

21. If Council approves the recommendations of this report, the draft consultation document will be provided to Audit New Zealand for their audit.

22. Once that audit is completed, the draft consultation document will be revised as necessary and presented to Council for adoption in November 2023, along with the supporting documentation and Statement of Proposal for Fees and Charges. If adopted, the Consultation Document, supporting documentation and the Fees and Charges Statement of Proposal will be used for the Special Consultative Procedure required by the LGA. Council decision making may require further changes through this process.

### **ATTACHMENTS**

1. 2024-34 LTP Consultation Document - Draft for Audit\_PDF - A15005039 (Separate Attachments 2)

# 12 DISCUSSION OF LATE ITEMS

### 13 PUBLIC EXCLUDED SESSION

## Resolution to exclude the public

#### **RECOMMENDATIONS**

That the public be excluded from the following parts of the proceedings of this meeting.

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
13.1 - Papamoa East Interchange – Contract Award	s7(2)(h) - The withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities  s7(2)(i) - The withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
13.2 - Opal Dr Wastewater Pump Station Budget Approval	s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information s7(2)(h) - The withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities s7(2)(i) - The withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
13.3 - Infrastructure Funding and Financing Act (IFFA) for funding Te Manawataki o Te Papa - Adoption of Consultation Document	s7(2)(i) - The withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
Confidential Attachment 1 - 11.6 - Papamoa East / Wairakei / Te Tumu Investments: Strategic	s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who	s48(1)(a) the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure

Considerations and Funding Approaches	supplied or who is the subject of the information	of information for which good reason for withholding would exist under section 6 or section 7
Confidential Attachment 2 - 11.6 - Papamoa East / Wairakei / Te Tumu Investments: Strategic Considerations and Funding Approaches	s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	s48(1)(a) the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
Confidential Attachment 3 - 11.6 - Papamoa East / Wairakei / Te Tumu Investments: Strategic Considerations and Funding Approaches	s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege	s48(1)(a) the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
Confidential Attachment 5 - 11.6 - Papamoa East / Wairakei / Te Tumu Investments: Strategic Considerations and Funding Approaches	s7(2)(i) - The withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a) the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

# 14 CLOSING KARAKIA