



# AGENDA

## Extraordinary Council meeting Wednesday, 23 October 2024

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

**Date:** Wednesday, 23 October 2024

**Time:** 2:30pm

**Location:** Groundfloor Meeting Rooms,  
306 Cameron Road, Tauranga

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

**Marty Grenfell**  
**Chief Executive**

# Terms of reference – Council

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## Membership

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<b>Chairperson</b>	Mayor Mahé Drysdale
<b>Deputy Chairperson</b>	Deputy Mayor Jen Scoular
<b>Members</b>	Cr Hautapu Baker Cr Glen Crowther Cr Rick Curach Cr Steve Morris Cr Marten Rozeboom Cr Kevin Schuler Cr Mikaere Sydney Cr Rod Taylor
<b>Quorum</b>	<u>Half</u> of the members present, where the number of members (including vacancies) is <u>even</u> ; and a <u>majority</u> of the members present, where the number of members (including vacancies) is <u>odd</u> .
<b>Meeting frequency</b>	As required

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## Role

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

## Scope

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

- Authorise all expenditure not delegated to officers, Committees or other subordinate decision-making bodies of Council.
- Make appointments of members to the council-controlled organisation Boards of Directors/Trustees and representatives of Council to external organisations.
- Undertake all statutory duties in regard to Council-controlled organisations, including reviewing statements of intent and receiving reporting, with the exception of the Local Government Funding Agency where such roles are delegated to the Accountability, Performance and Finance Committee. This also includes Priority One reporting.
- Consider all matters related to Local Water Done Well.
- Consider any matters referred from any of the Standing or Special Committees, Joint Committees, Chief Executive or General Managers.

### **Procedural matters**

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

### **Regulatory matters**

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



## Order of Business

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

## 7 BUSINESS

### 7.1 Chief Executive's Summary Report

**File Number:** A16872914  
**Author:** Marty Grenfell, Chief Executive  
**Authoriser:** Marty Grenfell, Chief Executive

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### RECOMMENDATIONS

That the Council:

- (a) Receives the report "Chief Executive's Summary Report".

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### CHIEF EXECUTIVE'S SUMMARY OF COUNCIL AGENDA

1. The purpose of this report is to introduce the agenda for 23 October Council meeting and highlight the key agenda items, priorities or risks associated with the content of this agenda, for Elected Members.
2. There are two reports on the agenda covering matters related to historic land purchases. These include the land purchase and development of 160 Devonport Road (a new carpark) and the land purchase of 108 Willow Street (the Art Gallery land). The reports detail the chronology and rationale for purchase and details of the purchase. **No decisions are sought on these reports.**
3. The report on the Kopurererua Valley recreation reserve proposes part of the reserve known as Puketoromiro Pā be reclassified from recreation reserve to historic reserve. The new classification will enable Council to more appropriately manage, protect and preserve the Pā, in line with its cultural and historical significance. The required consultation engendered two submissions, both in support. **The report seeks Council's approval to the change in classification.**
4. A report on the divestment of the Marine Precinct includes some background information including the substantial economic benefits this sale would bring to the city. It outlines further work proposed to explore future options for Tauranga's fishing and working boat community and to investigate equity, funding and/or financing options to help meet the cost of wharf infrastructure. **The report seeks Council's approval to complete further investigation works.**
5. There are three confidential matters to be dealt with, all regarding confidential negotiations. One is seeking direct appointment for the construction of twin watermains within the Takitimu North Link site. The second concerns a variation sought by a development party to a Tauriko West funding agreement. The third report is regarding a confidential major event opportunity for Tauranga. The Council will move to 'public excluded' to consider these reports.

### ATTACHMENTS

Nil



## 7.2 160 Devonport Road - land purchase and development

**File Number:** A16662359

**Author:** Fiona Nalder, Principal Strategic Advisor

**Authoriser:** Paul Davidson, Chief Financial Officer

### PURPOSE OF THE REPORT

1. This report summarises past decisions made in relation to the purchase and development of 160 Devonport Road.

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### RECOMMENDATIONS

That the Council:

- (a) Receives the report "160 Devonport Road - land purchase and development".

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### EXECUTIVE SUMMARY

2. The previous owners of 160, 168 and 176 Devonport Road (160 Devonport Road) made an unsolicited approach to Council in 2022 as they had secured alternative accommodation and were looking to sell the property.
3. Council owned little city centre property at that time (with the exception of the Willow Street site), and 160 Devonport Road offers significant development potential which could have been lost via a sale to the open market. For these reasons Council decided to purchase the site as a strategic acquisition (see Attachment 1 for past recommendations and Council decisions and Attachment 2 for the 12 December 2022 Council report).
4. A sale and purchase agreement was entered into on 1 May 2023 and settled on 20 June 2023 for a total of \$10 million.
5. In July 2023 Council decided to develop the site as a carpark and construction commenced in October 2023. Construction was completed in August 2024 at a forecast final cost of \$1.83m. The completed carpark provides 101 standard bays, 3 mobility bays and 24 bike parks, and has been operational since 1 September 2024.

### BACKGROUND

#### Strategic land purchases by Council

6. Council owns land across the city for a range of operational and strategic purposes. Many of Council's activities and services require land, often in excess of the size provided by individual land parcels.
7. As the city continues to grow, Council needs to plan to meet future needs, including in brownfield areas. However, securing sizeable land blocks, especially in brownfield areas, is becoming more challenging and suitable land can be difficult to acquire. For these reasons Council may purchase strategically located and sized land parcels ahead of an identified need, or with only a high-level intent.
8. This type of purchase typically fulfils one of several future purposes:
  - It may be developed to deliver a core Council activity – e.g. a public space or facility, or other infrastructure such as roading or water.

- It may be leveraged by Council to deliver on strategic outcomes – e.g. land owned by Council, known as Smiths Farm, was provisionally purchased for sportsfields. However, when Council identified it was no longer needed (for sportsfields or any other Council purpose) it was able to leverage the sale of the land to provide needed housing for the city, including the delivery of affordable housing and increased density.
  - It may facilitate the acquisition and development of land elsewhere, either via a land swap or by providing a valuable asset which can be sold to fund another land purchase. For example, this can occur when Council buys land in a greenfield area that is not yet developed. As Council's needs become clearer over time, the purchased land may not be fit for purpose. However, it provides Council with leverage, and can be a useful asset when negotiating with other landowners in the area.
9. Additionally, land is an appreciating asset over time, and although values may fluctuate over the short-term, in the medium to long-term land prices increase. This means that acquiring land in anticipation of a future need can be a prudent financial move for Council, especially when a large land parcel becomes available, as sizeable blocks can be particularly difficult and costly to secure.

### The rationale for purchasing 160 Devonport Road

10. The previous owners of 160, 168 and 176 Devonport Road (160 Devonport Road) made an unsolicited approach to Council in 2022 as they had secured alternative accommodation and were looking to sell the property.
11. At the time Council owned little in the way of landholdings in the city centre (apart from the civic precinct site and reserve land). As discussed above, landholdings are of value to Council, as they enable future service delivery and the delivery of strategic outcomes.
12. 160 Devonport Road offers significant development potential as it is a sizeable land parcel (consisting of several separate land holdings grouped together). However, that potential would be diminished or lost if the land was sold off as individual parcels to separate purchasers or, once sold, land-banked indefinitely without activation.
13. Priority One's Tauranga CBD Blueprint talks to the potential of the 160 Devonport Road and the aspirations of the previous owners, identifying the site as suitable for quality office and retail space, ideally suited to larger corporate businesses who desire a strong-inner city presence.
14. Council resolved on 12 December 2022 to proceed with the purchase of 160 Devonport Road for the reasons outlined in points 10-13 above. Additional information regarding Council's purchase rationale can be found in points 8-14 and 17-28 of the 12 December Council report *CBD – Strategic Property Purchase* (see Attachment 2).
15. Note that the recommendation to Council sought approval of up to \$11m for the purchase of 160 Devonport Road. The final resolution approved up to \$14.5m, however this amount was for the purchase of 160 Devonport Road *and* the purchase of 134 Durham Street (this report focuses solely on 160 Devonport Road).

### The purchase of 160 Devonport Road

16. Council completed thorough pre-purchase due diligence prior to its purchase of 160 Devonport Road. This included obtaining:
- an independent valuation for the properties (Telfer Young), as well as a peer review of that valuation.
  - independent advice on geotechnical and planning issues relating to the properties.
  - independent legal advice.

- building reports, including asbestos testing (Note: while the pre-purchase asbestos testing detected limited asbestos in the buildings, more was discovered during the deconstruction process).
17. The Council paid \$10 million to purchase the properties. The sale and purchase agreement was entered into on 1 May 2023 and the purchase settled on 20 June 2023. The purchase cost was debt funded.
18. This due diligence collateral and the sale and purchase agreement have been reviewed and released to the public (with redactions if necessary). Note that the pre-purchase legal advice has been withheld under s7(2)(g), Local Government Official Information and Meetings Act 1987 (LGOIMA) and the peer review of the Telfer Young valuation has been withheld under s7(2)(c) and S7(2)(f)(i), LGOIMA.

### Development of 160 Devonport Road as carparking

19. On 3 July 2023 Council decided to terminate the remaining leases at 160 Devonport Road, demolish the buildings, and construct an at-grade carpark on the site (see Attachment 10). The use of the site for carparking in the short-medium term was assessed as:
- Contributing towards the demand for carparking in the city centre by providing approximately 100 carparks (charged at hourly and day rates).
  - Providing a revenue stream for Council.
  - Decreasing holding costs to Council.
20. Development of the site commenced in October 2023 and included the following works:
- Demolition of the existing buildings on the site.
  - Regrading and resurfacing the site with asphalt and line marking.
  - Installation of approximately 100 metres of concrete kerbing.
  - Installation of bike parking facilities.
  - Installation of a stormwater system to collect and discharge water through kerbside outlets with proprietary treatment devices.
  - Installation of utility services to support new lighting and pay machines.
  - Installation of 40 metre x 1.6 metre masonry block wall.
  - Removal of existing vehicle crossings and reinstatement of public kerb and footpath.
21. The pre-purchase construction estimate for these works was \$1.43 million. The forecast final cost is \$1.83m. This excludes civil contractor extension of time claims of \$94k which have not yet been negotiated pending completion of remedial works. The demolition cost was higher than anticipated due to the discovery of additional asbestos in the existing buildings (some of this was detected by building reports in the due diligence phase, but not all). Other cost variations were due to:
- The addition of internal lights, landscaping works, seat and concrete pad, relocation of the bus shelter, bollards and wheel lights.
  - The upgrade from a chipseal surface to 30mm of asphalt.
  - Increasing the size of the block wall to the neighbouring property and enabling work for the waterproofing the neighbour's wall.
22. The parking facility consists of 101 standard parking spaces, 3 mobility spaces and 24 bike parks. Construction was completed late August 2024 and the facility opened for use on 1 September 2024.

### Attachments, other available information and redactions

23. The following tables itemises the attachments to this report, and other information which is available on request (or by visiting Council's LGOIMA response webpage and searching for Devonport Road). The tables also identify when and why information contained within the attachments and other documents has been withheld.
24. The Council report from 12 December 2022 was public excluded, but has since been reviewed and released publicly as part of a 10 May 2024 LGOIMA response. The 3 July 2023 Council report was also public excluded but was transferred into open upon conclusion of lease negotiations as per resolution CO11/23/4 (e)<sup>1</sup>.

Table 1 – Attachments to this report

Attachment	Description	Information withheld / LGOIMA reference
1	Acquisition and development timeline, including past Council decisions	None
2	Council report "13.3 CBD – Strategic Property Purchase (12 December 2022)"	Attachment A from this report has been withheld in reliance on s7(2)(h)

Table 2 - Information available on request (or by visiting Council's LGOIMA response webpage)

Report	Description	Information withheld / LGOIMA reference
1	Telfer Young's valuation for TCC (December 2022)	The following information has been withheld/redacted from this document in reliance on s7(2)(b) and s7(2)(c): <ul style="list-style-type: none"> <li>- Passing income summary and tenancy summary at page 17.</li> <li>- Retail rental evidence at pages 21, 22, and 23.</li> <li>- Passing vs market rent analysis at page 24.</li> <li>- Investment sales analysis at pages 25, 26, 27, 28.</li> <li>- Land sales analysis at pages 29, 30, 31 and 32.</li> </ul>
2	Letter of advice from the Property Group re: planning due diligence (10 March 2023).	Information has been withheld under s7(2)(a) and s7(2)(h).
3	160, 168, and 176 Devonport Road – Building Reports (21 February 2023).	Information has been withheld under s7(2)(a).
4	Tonkin and Taylor Ground contamination assessment – PSI (May 2023).	Information has been withheld under s7(2)(a).
5	Tonkin and Taylor Prepurchase Assessment Report 160 to 176 Devonport Road (1 March 2023).	Information has been withheld under s7(2)(a). There is no final copy, the draft document was used.
6	LIMs for 160, 168, 176 Devonport Road.	None
7	A copy of the sale and purchase agreement (1 May 2023).	The following information has been withheld/redacted from this document in reliance on s7(2)(h):

<sup>1</sup> <https://econtent.tauranga.govt.nz/data/bigfiles/public-excluded-reports/2024/190924carpark.pdf>

		- the tenancy schedule - personal names have been redacted under 7(2)(a)
8	Council report "13.4 Construction of Car Parks 160-176 Devonport Road (3 July 2023)"	None

## STATUTORY CONTEXT

25. The Attachments to this report and the information and reports in Table 2 above contain information which has been redacted and withheld for one or more of the following reasons under section 7 of LGOIMA:
- 7(2)(a) – the withholding of the information is necessary to protect the privacy of natural persons.
  - 7(2)(b)(i) – the withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret.
  - 7(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.
  - 7(2)(c)(i) – the withholding of the information is necessary to protect information which is subject to an obligation of confidence where the making available of that information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied.
  - 7(2)(f)(i) - maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to members or officers or employees of any local authority in the course of their duty.
  - 7(2)(g)- maintain legal professional privilege.
  - 7(2)(h) – the withholding of the information is necessary to enable the Council to carry out, without prejudice or disadvantage, commercial activities.

## STRATEGIC ALIGNMENT

26. Council's purchase of 160 Devonport Road and its subsequent development for carparking contributes to the promotion or achievement of the following strategic community outcome(s):

	Contributes
We are an inclusive city	<input type="checkbox"/>
We value, protect and enhance the environment	<input type="checkbox"/>
We are a well-planned city	<input checked="" type="checkbox"/>
We can move around our city easily	<input type="checkbox"/>
We are a city that supports business and education	<input type="checkbox"/>

27. The timely acquisition of land contributes to the successful delivery of Council's strategic and operational objectives. The development of 160 Devonport Road for carparking over the short-medium term provides additional carparking, contributing to the vibrancy of the city centre.

## FINANCIAL CONSIDERATIONS

28. Council funded the \$10 million purchase of 160 Devonport Road and the \$1.83m of development costs via additional borrowing, at an interest rate of 4.8%. Additional financial analysis is provided in the 12 December 2022 and 3 July 2023 Council reports.

## LEGAL IMPLICATIONS / RISKS

29. Council has received a LGOIMA request asking it to re-consider its redactions of information contained in the market valuation completed by Telfer Young. This process is currently underway. There is a risk that redactions made by Council could be challenged via the Office of the Ombudsman.

## TE AO MĀORI APPROACH

30. Mana whenua blessed 160 Devonport Road prior to the demolition of the buildings previously onsite. The carpark at 160 Devonport Road does not incorporate te reo Māori or cultural design elements. This approach was taken as the use of the site for carparking purposes is a short-medium term measure (not a permanent use of the site).
31. If Council chooses to sell 160 Devonport Road in the future, this will occur in accordance with Council's Property Acquisitions and Disposals Policy (2023), which includes a right of first refusal for mana whenua to buy land classified as surplus at its assessed market value.

## CLIMATE IMPACT

32. This report is for information purposes, and the recommendation (to receive the report) has no climate impacts. The development of 160 Devonport Road as an at-grade carpark negatively impacts on Tauranga's ability to (a) adapt to a changing climate, (b) reduce emissions, and (c) enhance nature and biodiversity. This is because it supports private vehicle use, provides limited opportunities for vegetation, and is constructed with a largely impervious surface (asphalt).

## CONSULTATION / ENGAGEMENT

33. This report is for information purposes, so does not require consultation. Neither the purchase of 160 Devonport Road nor its subsequent development into a carpark were consulted on.
34. Purchase – the purchase of 160 Devonport Road was an unscheduled acquisition that was assessed in the report of 12 December 2022 as being of high significance as the purchase cost was unbudgeted. However, the acquisition was considered to be time-sensitive and not consulted on for this reason. Additionally, the 12 December 2022 report noted that the decision to purchase 160 Devonport Road was easy to reverse, as the property could be on-sold by Council.
35. Carpark development – the 3 July 2023 report assessed the development 160 Devonport Road for carparking purposes as being of low significance, and no consultation occurred.

## SIGNIFICANCE

36. 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.
37. 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, this report

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

38. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that this report is of low significance.



### ENGAGEMENT

39. Taking into consideration the above assessment, that this report is of low significance, officers are of the opinion that no further engagement is required prior to Council receiving this report.

### NEXT STEPS

40. None

### ATTACHMENTS

1. **Attachment 1 - Past recommendations and resolutions - 160 Devonport Road - A16779471** [↓](#) 
2. **Attachment 2 - Council Report 13.3 CBD - Strategic Property Purchase - 160 Devonport Road - A16769983** [↓](#) 























### 7.3 Tauranga Art Gallery land purchase - chronology and record of decisions

**File Number:** A16662333

**Author:** Simon Collett, Manager: Commercial Advisory  
Sam Fellows, Manager: City Partnerships  
Jeremy Boase, Manager: Strategy & Corporate Planning

**Authoriser:** Gareth Wallis, General Manager: City Development & Partnerships

Please note that this report contains confidential attachments.

Public Excluded Attachment	Reason why Public Excluded
Item 7.3 - Tauranga Art Gallery land purchase - chronology and record of decisions - Attachment 1 - Extract of Agenda - Council - 2023, December 11 - Public Excluded	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

- To present an overview of the preceding chronology and decision-making relating to the purchase by Council of the Tauranga Art Gallery land from the Tauranga Art Gallery Trust.

#### RECOMMENDATIONS

That the Council:

- Receives the report "Tauranga Art Gallery land purchase - chronology and record of decisions".
- Transfers into the open section the report titled 'Tauranga Art Gallery land purchase and capital project update' and its three attachments, originally considered by Council on 11 December 2023 in the public-excluded section of the meeting (the report and its three attachments are currently included as **Confidential Attachment 1** to this report).

#### EXECUTIVE SUMMARY

- Improvements to the Tauranga Art Gallery, particularly its re-alignment to opening onto Masonic Park, have been a part of the Civic Masterplan, since renamed Te Manawataki o Te Papa, for many years.
- Those improvements provided the opportunity to create efficiencies and undertake additional critical asset management works on the Art Gallery at the same time. While some external funding was obtained for those additional critical asset management works, a significant funding gap arose that the Tauranga Art Gallery Trust needed to meet.
- After consideration of various options, the Tauranga Art Gallery Trust and Council determined that the preferred approach to the funding gap was for council to purchase the Art Gallery land at 108 Willow Street from the Trust, at market value, enabling the Trust to then fund the critical asset management works.
- On 11 December 2023, in the public-excluded part of its meeting, Council resolved to purchase the Art Gallery land.

6. Staff consider that the reasons for confidentiality as at 11 December 2023 no longer exist, and recommend that that report and its attachments now be released into the open.

## BACKGROUND

### Tauranga Civic Masterplan and the Art Gallery

7. At its meeting of **6 December 2021**<sup>2</sup>, Council adopted the Tauranga Civic Masterplan (Refreshed 2021) and noted that to implement the Masterplan would require a formal and consulted amendment to the Long-term Plan 2021-2031.
8. This 'Refreshed 2021' version built on the 2018 Masterplan, also prepared by Willis Bond, had been adopted by Council in June 2018. The 'Refreshed 2021' version identified (at page 16) the desire to realign the Tauranga Art Gallery so that it faced onto Masonic Park:  
*'New openings to Art Gallery increases interaction with Masonic Park and Precinct.'*
9. At its meeting of **21 February 2022**<sup>3</sup>, Council formally resolved to consult on an amendment to the Long-term Plan 2021-2031 relating to the Civic Precinct Masterplan (now named Te Manawataki o Te Papa). At that stage, while the Art Gallery was clearly within the defined area of Te Manawataki o Te Papa and highlighted on the Masterplan drawings, it was not identified as a separate project within the Masterplan. The 21 February 2022 report states (at paragraph 32):  
*'Discussions are underway with the Art Galley as to the implications of the Masterplan for the gallery, particularly the enhancements to Masonic Park. The intention is to explore opportunities to maximise the benefits of the investments.'*
10. Following public consultation, the amendment to the Long-term Plan 2021-2031 was confirmed by Council at its meeting of 24 May 2022 and then, following the appropriate audit processes, formally adopted at its meeting of 27 June 2022. At that stage, the Art Gallery was still not shown as a separate project within the overall adopted budget of \$303.4 million<sup>4</sup>.

### Art Gallery Entranceway project

11. At its meeting of **12 December 2022**<sup>5</sup>, Council considered a report titled 'Te Manawataki o Te Papa – Preliminary design and cost report'. That report specifically identifies the Art Gallery as a separate sub-project with its own budget allocation of \$1.5 million. Paragraph 44 of the cover report, in explaining the revised costings compared to the adopted Long-term Plan Amendment ("LTPA") figures, notes that:  
*'Art Gallery costs are included within the individual project cost items in the LTPA. These have been separated into their own project line for the enhanced costs presented.'*
12. The detailed Preliminary Design and Cost Report, prepared by Willis Bond and attached to the above report to Council, includes at page 45, a summary of the design approach for the Art Gallery noting the Key Objectives as:  
*'- Improving the function of the Gallery through the orientation and placement of entries and functions that relate to the building's façade.  
- Integrating the Gallery into the wider Te Manawataki o Te Papa precinct to exploit the marriage value of this community asset contributing to the complete precinct.  
Investigations have been undertaken to consider both a base case scheme, where the entrance is repositioned onto Masonic Park, and future development options sitting outside this project scope.'*

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<sup>2</sup> [https://infocouncil.tauranga.govt.nz/Open/2021/12/CO\\_20211206\\_AGN\\_2368\\_AT\\_EMBEDDED.PDF](https://infocouncil.tauranga.govt.nz/Open/2021/12/CO_20211206_AGN_2368_AT_EMBEDDED.PDF) - see item 11.1

<sup>3</sup> [https://infocouncil.tauranga.govt.nz/Open/2022/02/CO\\_20220221\\_AGN\\_2421\\_AT\\_EMBEDDED.PDF](https://infocouncil.tauranga.govt.nz/Open/2022/02/CO_20220221_AGN_2421_AT_EMBEDDED.PDF) - see item 11.6

<sup>4</sup> All amounts expressed in this report are exclusive of GST.

<sup>5</sup> [https://infocouncil.tauranga.govt.nz/Open/2022/12/CO\\_20221212\\_AGN\\_2470\\_AT.PDF](https://infocouncil.tauranga.govt.nz/Open/2022/12/CO_20221212_AGN_2470_AT.PDF) - see item 11.1

13. Page 45 of the Willis Bond report also states:

*'Warren and Mahoney has completed a feasibility report on the Art Gallery, identifying potential (re)development options that could be undertaken. Cost estimates are currently being worked through to understand the level of refurbishment targeted in the \$1.5 million budget allowance.'*

14. Regarding the \$1.5 million budget, page 52 of the Willis Bond report notes:

*'The Art Gallery ... refurbishment allowance of \$1.5 million ... (has) remained the same.'*

### **Expansion of Art Gallery Entranceway project**

15. The results of the Warren and Mahoney feasibility report, noted in paragraph 13 above, were reported to Council at its meeting of **20 March 2023**<sup>6</sup>.

16. That report, and the Warren and Mahoney feasibility report, proposed:

*'re-orienting the Gallery entrance, which will increase the prominence and visibility of the main entry, while also improving connectivity to Masonic Park and the rest of Te Manawataki o Te Papa precinct*

*the addition of 'jewel box' pop outs (that) will extend the Gallery footprint to the property boundaries, while also providing an opportunity for a potential café and retail offering*

*changes to the existing internal feature stairway to further open up the main atrium space, increasing flexibility, spaciousness, and exhibition wall space.'*

17. The Warren and Mahoney proposals and early concept designs were costed by Rider Levett Bucknall whose report was attached to the report to Council.

18. Council approved additional budget of \$1.88 million (spread over two financial years) to give effect to the above, taking the total budget for the Art Gallery project to \$3.38 million. Council also formally noted in its resolution that this would have no impact on the ratepayer-funded portion of Te Manawataki o Te Papa, as the additional funding would be sourced through a combination of private donation, the Tauranga Airport Reserves, corporate sponsorship, and/or other external funding sources.

19. The revised \$3.38 million project value was subsequently reflected in a report titled 'Te Manawataki o Te Papa – Design and Cost Update Report' that was considered by Council at its meeting of 24 July 2023<sup>7</sup>, and later in Attachment 1 to a report titled 'Annual Plan 2023-24 Revised Capital Budgets' that was considered by Council at its 4 September 2023 meeting<sup>8</sup>.

### **Art Gallery – additional critical asset management work required**

20. Subsequent to the 23 March 2023 report to Council, the Art Gallery and project team identified additional critical asset management works to be considered alongside the revised entranceway project.

21. The Art Gallery identified that, while the building was to be closed for the above works, it made sense to undertake other critical asset management works that had been identified but not scheduled. This included:

- replacement of the ageing heating, ventilation and air conditioning ("HVAC") system; and
- exterior painting and other upgrades to the building.

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<sup>6</sup> [https://infocouncil.tauranga.govt.nz/Open/2023/03/CO\\_20230320\\_AGN\\_2502\\_AT\\_SUP.PDF](https://infocouncil.tauranga.govt.nz/Open/2023/03/CO_20230320_AGN_2502_AT_SUP.PDF) - see item 11.2

<sup>7</sup> [https://infocouncil.tauranga.govt.nz/Open/2023/07/CO\\_20230724\\_AGN\\_2510\\_AT.PDF](https://infocouncil.tauranga.govt.nz/Open/2023/07/CO_20230724_AGN_2510_AT.PDF) - see item 11.2

<sup>8</sup> [https://infocouncil.tauranga.govt.nz/Open/2023/09/CO\\_20230904\\_AGN\\_2512\\_AT.PDF](https://infocouncil.tauranga.govt.nz/Open/2023/09/CO_20230904_AGN_2512_AT.PDF) - see item 11.1

22. Additionally, work undertaken during the detailed design phase (and confirmed by independent seismic experts) identified the need for a seismic upgrade of the building to bring it up to a 50% New Building Standard rating.
23. These works were not budgeted for as part of the \$3.38 million approved. As at August 2023, it was established that these additional works, if proceeded with, would lead to an unfunded budget shortfall of approximately \$3 million.
24. At this stage discussions commenced with the Tauranga Art Gallery Trust on the potential funding gap.

### **Initial proposal to the Tauranga Art Gallery Trust on the potential funding gap**

25. On 30 August 2023, the Tauranga Art Gallery Trust board considered a memo authored by council's General Manager: City Development and Partnerships. That memo states that its contents had been considered by the Commission.
26. The memo briefly sets out options to address the funding gap and then proposes that council purchase the Art Gallery land from the Tauranga Art Gallery Trust. The proposed terms of that purchase included:
  - the purchase of 100% of the land at the value of the shortfall ;
  - the long-term lease-back of the land by the Tauranga Art Gallery Trust at a peppercorn rental; and
  - an option for the Tauranga Art Gallery Trust to re-purchase the land at any time at the above sale price plus an annual 'cost of funds recovery' percentage.

### **Response from the Tauranga Art Gallery Trust**

27. The Tauranga Art Gallery Trust rejected the above proposal, but indicated they were open to a sale at market value. When discussing market value, they referenced the land value for rating purposes which was, at that time, \$5.3 million<sup>9</sup>.

### **ART GALLERY LAND PURCHASE – PUBLIC EXCLUDED REPORT**

28. On **11 December 2023**, Council considered, as a public excluded item, a report titled 'Tauranga Art Gallery land purchase and capital project update'.
29. That report was retained in confidential to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) as per section 7(2)(i) of the Local Government Official Information and Meetings Act 1987.
30. Council resolved to retain that report in confidential '*until the purchase of the property is settled, expected to be March 2024*'.
31. While the March date has passed, the purchase of the property has not been settled. Settlement per the sale and purchase agreement does not occur until three weeks after practical completion of the upgrade works is achieved i.e. the works have been completed and code compliance certificates have been issued for works done under the relevant building consents.
32. However, as the negotiations on the sale and purchase are complete, staff consider that there is no longer any reason to retain that report in confidential. As such, recommended resolution (b) to this report recommends releasing the 11 December 2023 report into the open.
33. The transfer of a report from public excluded ahead of the conditions stipulated in a previous Council resolution can only be actioned by Council. As such, the 11 December 2023 report is included as **Confidential Attachment 1** to this report and its contents will be described in

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<sup>9</sup> Rating valuation as at 1 July 2021: land value \$5.3m; improvements value \$5.32m; total capital value \$10.62m. The current rating valuation, as at 1 May 2023, states: land value \$4.15m; improvements value \$5.11m; total capital value \$9.26m.

the following sections of this report in a way that does not breach that confidentiality. If Council accepts recommended resolution (b), then a fully detailed discussion can be had in the open session of this meeting.

### Updated project costs

34. The 11 December 2023 report provided an update on the potential costs of the original project, as well as recognising the additional critical asset management works identified above. There were three elements to the update.
35. Firstly, the final cost estimates from the developed and detailed design phases increased the core project value from \$3.38 million to \$4.3 million (including \$443,000 for contingencies).
36. Secondly, the critical asset management work on the HVAC system, exterior painting and other building upgrades was estimated at \$2.41 million (including \$314,000 for contingencies).
37. Thirdly, the seismic upgrade work was estimated at \$847,000 (including \$153,000 for contingencies).
38. Taken together, this meant that the total project had potential to move from the \$3.38 million approved in March 2023, to a proposed \$7.557 million.
39. This created a funding shortfall of almost \$4.2 million.
40. The 11 December 2023 report states that \$900,000 had been secured from the Tauranga Art Gallery Foundation, TECT, and Pub Charity Limited but that the remaining funding gap was expected to be met by the Art Gallery.

### Project benefits

41. The Director of the Art Gallery prepared a brief 'business case' that identified the benefits of the overall capital upgrade project. That was summarised in the 11 December 2023 report as follows:
  - An opportunity to undertake significant work to futureproof and improve facilities, to meet international museum standards and provide modern climatic levels that will protect the art on display.
  - Capital investment in the building redevelopment opens up a range of options to diversify and increase revenue beyond the current business model.
  - The Art Gallery's Visitor Experience Strategy demonstrates there is an increase in perceived value and time spent onsite if hospitality and retail are included as part of the experience. This was also evidenced in the Art Gallery's 2021/22 strategic review and visitor surveys, where residents asked for a café and bigger retail store.
  - Research of other galleries of similar sizes across New Zealand provided evidence to back up these insights.
  - The hospitality and event space has been designed in such a way that it can function as a café during the day, and catering kitchen and hospitality venue after 4pm.
  - From 4pm onwards, the catering kitchen and space becomes available for venue hire. Supported by the flexible hospitality and event space, the Art Gallery will have the option to simultaneously run multiple events and venue hires, with useable event space in the city centre currently at a premium.
  - Increased naming rights opportunities with potential corporate partners and benefactors.
  - As part of their Visitor Experience Strategy, the Art Gallery is reviewing entrance fees for domestic and international visitors. A positive experience supported by upgraded and appealing facilities, demonstrates value for money.
  - The design of the new education space as part of the current "in scope" project has a reduced footprint compared to the existing space. As part of the critical asset management work, a secondary teaching space will be created from the "negative

space” above the education space, which will accommodate students with sensory needs, amongst other users.

### **Funding options, including land purchase**

42. The 11 December 2023 report noted that the Tauranga Art Gallery Trust Board and council staff had investigated ways that the Art Gallery might fund the critical asset management works that were required. Such approaches included:
  - Full or partial purchase by council of the Art Gallery land and/or building from the Tauranga Art Gallery Trust
  - Enhanced level of service agreement(s) between council and the Art Gallery
  - A loan from council to the Tauranga Art Gallery Trust.
43. After consideration of the advantages and disadvantages of the options, the report states that the preferred approach was determined to be a purchase by council of the Art Gallery land at 108 Willow Street (but not the building which occupies that land).
44. To establish a market value, both council and the Tauranga Art Gallery Trust had commissioned independent valuations of the land.
45. The 11 December 2023 report then discusses:
  - the two valuations;
  - a proposed purchase price by Council;
  - the potential terms of a ground lease to the Tauranga Art Gallery Trust; and
  - ongoing operational funding from Council for the Art Gallery.

### **Council decision**

46. After consideration of the 11 December 2023 report, Council resolved as per the recommended resolutions in that report. In summary, and recognising that the resolutions are also confidential until they are released by Council, those resolutions are:
  - delegated authority to the Chief Executive to purchase the Art Gallery land on Council’s behalf at an established sum;
  - delegated authority to the Chief Executive to execute ongoing lease arrangements with the Art Gallery;
  - approved an increase to the 2023/24 borrowing programme to provide debt financing for the purchase;
  - approved phasing of the \$7.55 million project as \$5.036 million in 2023/24 and \$2.518 million in 2024/25; and
  - agreed a maximum capital contribution to the full programme of works by the Tauranga Art Gallery Trust of a set amount.

### **Subsequent actions**

47. The sale and purchase agreement with the Tauranga Art Gallery Trust was signed on 22 July 2024. Physical works on the site began in September 2024 and are set to be complete in May 2025.

## **STATUTORY CONTEXT**

48. Tauranga Art Gallery Trust is a council-controlled organisation as defined by section 6 of the Local Government Act 2002. There is no legislative restriction on the sale and purchase of land between Council and a council-controlled organisation.

## **STRATEGIC ALIGNMENT**

49. The Art Gallery, and the Art Gallery development discussed through this report, contributes to the promotion or achievement of the following strategic community outcome(s):

	Contributes
We are an inclusive city	✓
We value, protect and enhance the environment	□
We are a well-planned city	✓
We can move around our city easily	□
We are a city that supports business and education	✓

50. The Art Gallery provides cultural, social and educational benefits to all those who interact with it (visitation targets for a year when the Gallery is open all year are 35,000).
51. The Art Gallery aims to create exceptional art experiences that engage, inspire, challenge, and educate through exhibitions, public programmes, and events.
52. The intent of the Art Gallery development is consistent with a range of strategic documents including the Civic Centre Masterplan – Te Manawataki o Te Papa, the Tauranga Moana Waterfront Plan, the City Centre Action and Investment Plan, and the Arts, Culture and Heritage Action and Investment Plan.

### OPTIONS ANALYSIS

53. This report is for information purposes and therefore contains no options.

### FINANCIAL CONSIDERATIONS

54. Financial considerations of the purchase of the Art Gallery land are covered in the 11 December 2023 report. There are no additional financial considerations generated by this report.

### LEGAL IMPLICATIONS / RISKS

55. Legal implications and risks were covered in the 11 December 2023 report. Again, there are no additional implications or risks generated by this report.

### TE AO MĀORI APPROACH

56. The matters addressed in this report have no direct and specific relationship with Council's Te Ao Māori approach.

### CLIMATE IMPACT

57. The matters addressed in this report have no direct and material impact on the climate, positively or negatively.

### CONSULTATION / ENGAGEMENT

58. The wider Te Manawataki o Te Papa project was consulted on widely before being included in the amended Long-term Plan 2021-2031.
59. Other than with the Tauranga Art Gallery Trust, there was no consultation or engagement undertaken prior to the decision to purchase the Art Gallery land.

### SIGNIFICANCE

60. 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.

61. 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; and
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
62. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter of the purchase of the Art Gallery land is of medium significance, but that the decision to receive this information-only report (and to release the previously confidential 11 December 2023 report) is of low significance.

### ENGAGEMENT

63. Taking into consideration the above assessment, that the decision to receive the report and to release the 11 December 2023 report is of low significance, officers are of the opinion that no further engagement is required prior to Council making those decisions.

### NEXT STEPS

64. This is an information-only report. No further steps are proposed.
65. The development of the Art Gallery is mid-construction and continues as part of the wider Te Manawataki o Te Papa project.

### ATTACHMENTS

1. **Extract of Agenda - Council - 2023, December 11 - Public Excluded - A16737324 - Public Excluded**



## 7.4 Sale of the Marine Precinct

**File Number:** A16662331

**Author:** Simon Collett, Manager: Commercial Advisory  
Fiona Nalder, Principal Strategic Advisor  
Tracey Hughes, Financial Insights & Reporting Manager

**Authoriser:** Paul Davidson, Chief Financial Officer

Please note that this report contains confidential attachments.

Public Excluded Attachment	Reason why Public Excluded
Item 7.4 - Sale of the Marine Precinct - Attachment 6 - Public Excluded - Ensuring the future of the fishing community - Sale of the Marine Precinct	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. This report provides a summary of the background to the divestment of the Marine Precinct, highlighting the substantial economic benefits this sale would bring to the city via the development of a superyacht repair and refit facility.
2. It also seeks approval to complete further work exploring future options for Tauranga's fishing and working boat community and to investigate equity, funding and/or financing options to help meet the cost of wharf infrastructure.

### RECOMMENDATIONS

That the Council:

- (a) Receives the report "Sale of the Marine Precinct".
- (b) Completes further work exploring options for Tauranga's fishing and working boat community, including the development of wharf infrastructure connected to privately owned and/or Council owned land.
- (c) At the earliest opportunity, explore equity, funding and/or financing options to help meet the cost of delivering all wharf infrastructure (but in particular to support Tauranga's fishing and working boat community).
- (d) Requests a further report with the findings of the above work, as soon as is reasonably practicable.

### PUBLIC EXCLUDED ATTACHMENTS

- (a) **Attachment 6** can be transferred into the open following completion of discussions and negotiations with stakeholders, including private landowners.

### EXECUTIVE SUMMARY

3. Council purchased the Marine Precinct land in 2004. In 2014, Council secured a \$5 million grant from the Bay of Plenty Regional Council's Regional Infrastructure Fund and, together

with Council funding (funding sources included sale of sites with Precinct), developed the Marine Precinct into a facility to support the marine industry in Tauranga.

4. This included the acquisition of a 350-tonne vessel hoist, and construction of hardstand areas for vessel maintenance, a washdown pad, and supporting services like electricity and water supply. The new facilities were designed to cater to the needs of a broad range of marine users, from large commercial vessels to smaller recreational boats.
5. Whilst these facilities have been welcomed by the marine industry, it became apparent that Council was not best placed to further develop the site or be the long-term operator of the Precinct. The specialised nature of the commercial marine refit and repair industry requires specific expertise, commercial freedom and operational capabilities beyond Council's core business functions. Vessel Works has consistently operated at a loss as a result of not being able to properly leverage commercial opportunities that might otherwise be available to the private sector.
6. The sale of the Marine Precinct and the Vessel Works operation was seen as the next logical step in the Precinct's evolution, allowing the private sector to bring in additional investment and expertise to take the site forward. The sale would also allow Council to refocus its resources on other critical areas, while ensuring that the Marine Precinct continues to operate and develop in-line with its original purpose. Additionally, the Precinct has been operating at a loss for several years, and sale of the Precinct would remove this cost to ratepayers.
7. In late 2023 Council received a proposal to purchase the Marine Precinct from Sam Rofe, who had a vision for the Marine Precinct *"to emerge as the premier superyacht refit destination, where luxury meets precision, and dreams are meticulously crafted into reality."*
8. Feedback from the local marine sector, Vessel Works staff, and superyacht captains has identified a significant shortage of large berths in Tauranga suitable for superyachts. This shortage has deterred many superyachts from choosing Tauranga as a destination for their service and maintenance work, resulting in lost opportunities for the local marine industry. Informal discussion with marine stakeholders suggested that they were not willing to invest significant private capital in Tauranga without a properly functioning Marine Precinct.
9. In November 2023 Council decided to progress negotiations to sell the Marine Precinct to Sam Rofe, and in April 2024 Council approved the key terms of sale. This included a sale price of \$13 million and a commitment by Council to fund the cost of the development of an alongside wharf and a replacement of the existing Bridge Wharf. In May 2024 Council approved up to \$29.2 million for this work. In addition, Council approved up to \$7.8 million to replace Fishermans Wharf.
10. The sale of the Marine Precinct to Sam Rofe for development as a superyacht repair and refit facility will bring substantial economic benefits to Tauranga, far greater than the benefits being currently delivered by the Precinct. The Marine Industry Association of New Zealand (MIA) noted that superyacht refits in New Zealand typically range from \$3 million to \$10 million per project, depending on the size and scope of the work.
11. In addition to this, the economic multiplier effect for superyacht refit facilities is often cited as being between 2.0 and 3.0. This means that for every dollar spent directly on a superyacht refit, an additional two to three dollars are generated in the local economy through indirect and induced spending.
12. As well as the sale providing these substantial economic benefits to Tauranga, it removes a loss-making activity from Council's portfolio. Council would retain ownership of the alongside wharf and replaced Bridge Wharf, and continue to receive income from the use of these wharves (minus management fees and profit share).
13. One challenge the sale presents is the need to find alternative berthage for most of the fishing and working boat ("black boat") users of Bridge Wharf. While the roll-on roll-off ferry services may continue to berth at Bridge Wharf, the berthage needs of commercial fishing vessels are likely to be incompatible with the operations of a superyacht facility.

14. This report seeks Council direction to complete further work exploring options for Tauranga's fishing and working boat community, including the development of wharf infrastructure connected to privately owned and/or Council owned land.
15. Additionally, it seeks Council commitment to explore equity, funding and/or financing options to help meet the cost of wharf infrastructure, including the alongside wharf, replacement Bridge Wharf and any additional wharf development needed to meet the needs of the fishing community.
16. Note that the previous reports provided as attachments to this report were in public excluded originally, but have been moved to open prior to this report being published.

## BACKGROUND

### The Marine Precinct

17. The Marine Precinct, also known as Vessel Works, is a Council owned marine servicing hub located at Sulphur Point in Tauranga. It covers approximately 2.98 hectares and is zoned for Port Industry (see Map 1 below, the Marine Precinct is outlined in red, the blue areas indicate privately owned sections within the Precinct).

Map 1: Marine Precinct



18. The Marine Precinct offers various marine services and is strategically located with the following key features.
  - Situated within Sulphur Point, home to a wide range of complementary marine activities.
  - Deepwater access to the harbour.
  - Convenient connections to key transport routes.
19. Tauranga City Council (Council) established the Marine Precinct to support and grow the region's marine industry, an integral part of the local economy.

## History of the Marine Precinct

20. Most of the land on which the Marine Precinct is located is reclaimed. This area was historically used by mana whenua for collecting shellfish. Reclamation activities took place from 1928 onwards and in 2004 the land was purchased by Council from the Port of Tauranga. At the time of purchase, covenants were put in place to ensure that the site is used for 'Marine Related Activities', defined as operations or activities that provide goods and/or services to the marine industry.
21. The decision to purchase and develop the site was driven by the recognition that the marine sector, particularly in a coastal city like Tauranga, needs specialised infrastructure to support its ongoing growth. Tauranga's marine industry includes a diverse range of activities such as boat building and maintenance, commercial fishing, recreational boating, and marine-related tourism, all of which contribute to the region's economy.
22. Prior to Council's intervention, Tauranga's marine industry was operating with limited facilities. Council, in collaboration with the Bay of Plenty Regional Council (BoPRC), identified the need to create a dedicated space for marine repair and refit activities to address these limitations and enable growth.
23. The initial improvements to the Marine Precinct were jointly funded by Council and the BoPRC, which provided Council with a \$5 million grant from the Regional Infrastructure Fund (2014). The project was seen as a critical infrastructure investment, aimed at strengthening the local marine economy and positioning Tauranga as a leader in marine services.
24. Council largely met its share of the cost to develop the Marine Precinct via the sale of land parcels located within the Precinct. Whilst this provided valuable revenue at the time, since then Council has purchased back some of these sites to maximise the future potential of the Precinct.
25. At the time of purchase, the Marine Precinct had a fishing fleet loading and unloading wharf and a commercial boat ramp. Phase one of the Marine Precinct's development built on these facilities and included the acquisition of a 350-tonne vessel hoist, and construction of hardstand areas for vessel maintenance, a washdown pad, and supporting services like electricity and water supply. The new facilities were designed to cater to the needs of a broad range of marine users, from large commercial vessels to smaller recreational boats.
26. The investment in this infrastructure was intended to reduce operational costs for marine businesses, attract new investment, and increase the region's capacity to handle marine projects that previously had to be outsourced to other cities.
27. In December 2021 Council agreed on the following vision for the Marine Precinct, '*Helping grow the region's commercial marine sectors so they can add value to the local community*' and adopted a spatial plan for the Precinct (CO24/21/1).
28. This report also presented a review of the Marine Precinct's operating model by Ernst and Young which highlighted that the specialised nature of the commercial marine refit and repair industry requires specific expertise, commercial freedom and operational capabilities beyond Council's core business functions. This report contributed to Council's decision to sell the Precinct.
29. Note that the previous reports provided as attachments to this report were in public excluded originally, but have been moved to open prior to this report being published.

## Sale of the Marine Precinct

30. In July 2023 Council established an Asset Realisation Reserve (ARR) as the first step in progressing the divestment of Council properties which have been identified as:
  - No longer needed for operational or strategic purposes, or
  - Available for disposal to achieve a strategic purpose with a defined trigger or timeframe for that disposal.

31. At the time of establishing the ARR, Council also identified a group of properties for management via the ARR, including the Marine Precinct. This recognised Council's assessment that the future ownership and management of the Marine Precinct was best delivered by a private entity with the necessary industry knowledge, financial resources, and commitment to further develop the site.
32. The sale of the Marine Precinct was seen as the next logical step in the Precinct's evolution, allowing the private sector to bring in additional investment and expertise to take the site forward. The sale would also allow Council to refocus its resources on other critical areas, while ensuring that the Marine Precinct continues to operate and develop in-line with its original purpose.
33. The sale was also critical to ensure the long-term financial sustainability of the Marine Precinct, as its present form was costing ratepayers. There is no ratepayer funding going into this activity at present, but the existing model is delivering losses and is not financial sustainable.
34. Council staff initially engaged with Orams, the only specialist black and white refit yard operator in New Zealand that Council was aware of at the time. Whilst Orams agreed with Council regarding the potential of the Marine Precinct and its site-specific advantages, they were not interested in purchasing the Precinct. Superyacht Coatings was also asked to reach out to boat owners and industry stakeholders to gauge interest, but nothing came of that process.
35. Council then received a proposal from a Christchurch based developer (Sam Rofe) who wished to purchase the Marine Precinct for development into a boat yard targeted at luxury vessels, with a vision for the Marine Precinct "*to emerge as the premier superyacht refit destination, where luxury meets precision, and dreams are meticulously crafted into reality.*"
36. Sam Rofe's proposal for the site included purchasing most of the site and aligned with Council's and BoPRC's intention for the Marine Precinct. The specialised nature of the Marine Precinct means that if Council had wished to pursue a sale on the open market, it would have taken time, required funding a marketing approach which would reach international investors, and may or may not have delivered an appropriate buyer.
37. In recognition of these considerations and in light of the completed informal market engagement, Council decided in November 2023 (see Attachment 1) to commence a negotiation process with Sam Rofe (the Purchaser) and only consider a market process if negotiations with the Purchaser were unsuccessful.
38. As part of its negotiation process, Council completed due diligence to ensure that the Purchaser had the financial capability and industry expertise to make the necessary investments in the precinct, thus protecting the long-term interests of Tauranga's marine industry.
39. Council decided to exercise its discretion and not consult further on the sale of the precinct for two primary reasons.
  - i. The potential divestment was signalled in the Long-Term Plan Amendment (which was consulted on).
  - ii. Council staff have worked through the plan for the Precinct with stakeholders and have continued to maintain dialogue throughout (as far as practicable).
40. In April 2024 (see Attachment 2) Council was presented with draft terms of sale for consideration. Council delegated to the Chief Executive the authority to sign an Agreement for the Sale and Purchase of the Marine Precinct and an interdependent Agreement for the Sale and Purchase of the Vessel Works Business on the terms set out in the April report.
41. The terms of sale included a purchase price of \$13m plus GST, the lease-back to Council of part of the site (to allow for the transition of working boat operators) and a financial commitment by Council towards the cost of building a new alongside (offloading) floating

wharf and a replacement Bridge Wharf (up to \$29.2 million as approved by Council in May 2024, see Attachment 3).

42. The covenants, put in place when Council purchased the site, will remain post-sale and are a key part of the sale agreement. These will ensure that the site remains dedicated to marine purposes, protecting the original strategic intent of the precinct. The Purchaser has also expressed a commitment to align with the vision shared by both Council and BoPRC, which includes plans for the development of wharf infrastructure to expand the site's operational capacity.
43. Council also ensured that the final Sale and Purchase Agreement includes provisions to monitor the Purchaser's compliance with the covenants and development commitments, ensuring accountability in the long-term management of the site.
44. The key terms of the Agreement are as set out in the attached Price Waterhouse Cooper document which has been provided to Audit New Zealand (Attachment 4).
45. The Sale and Purchase Agreement with the Purchaser has been executed and is now unconditional, the deposit has been paid, and the first tranche of payments is due to settle on 22 November 2024, with the remainder to be settled within 5 years.

### Expected benefits for Tauranga

46. The decision to transfer ownership of the Marine Precinct to a specialised private entity was primarily driven by the fact Council does not have the financial means to properly develop the site, or the required industry knowledge to ensure the precinct continues to develop in line with the needs of the marine sector. Additionally, as a public sector entity, Council's decision-making processes are not optimised to ensure the commercial success of the Precinct.
47. In line with this, and in accordance with a report received from TwentyTwo consultants, Council determined at a formal Council meeting that private ownership would enable more efficient management and development of the site, allowing for greater flexibility and responsiveness to market demands.
48. From a financial perspective, the sale of the Marine Precinct will allow Council to redirect resources towards its core business areas, while the private sector takes on the financial and operational responsibilities associated with managing the precinct. The sale process itself was designed to ensure that Council receives fair value for the asset, and the involvement of a purchaser with proven industry expertise provides confidence that the precinct will continue to generate economic benefits for the city. Over recent years the Marine Precinct has operated at a loss, and the sale removes this ongoing cost to Council, and allows for resources directed to the Precinct to be refocussed elsewhere (see Financial Considerations for more detail).
49. The ongoing development of the Precinct under private management is expected to lead to enhanced marine services, further investment in infrastructure, and the creation of additional skilled employment opportunities. This is expected to have a positive flow-on effect for Tauranga's broader economy, strengthening the city's position as a key player in New Zealand's marine industry.
50. Additionally, the covenants in place on the title ensure the long-term use of the site for marine purposes.
51. The development of the site by the Purchaser for superyacht purposes does mean that the much of the existing black boat use of the site (berthage and load/unload facilities), including commercial fishing, will need to be relocated and Council has committed to budget to redevelop alternative facilities for this user-group.

52. The economic multiplier effect for superyacht refit facilities is often cited as being between 2.0 and 3.0.<sup>10</sup> This means that for every dollar spent directly on a superyacht refit, an additional two to three dollars are generated in the local economy through indirect and induced spending.
53. A 2019 study by New Zealand Trade and Enterprise (NZTE) reported that the superyacht industry, including refit and maintenance, contributes approximately \$150 million annually to the economy.
54. Below is a discussion of the benefits the development of the Marine Precinct for superyacht refit purposes will deliver to Tauranga and the region, additional information is provided in Attachment 5.

#### *Direct Economic Impact*

55. Refit Expenditures: The average superyacht refit project can range from hundreds of thousands to several million dollars, depending on the extent of the work required. A study by Superyacht Australia found that a single superyacht refit can generate direct expenditures of up to \$5 million USD (\$8.05 million NZD). The Marine Industry Association of New Zealand (MIA) noted that superyacht refits in New Zealand typically range from \$3 million to \$10 million per project, depending on the size and scope of the work. Feedback from vessel owners who have undergone significant refit at the Marine Precinct indicate they spend approximately \$5k-10k per vessel/day with local marine refit businesses.
56. Local Spending: A large proportion of this expenditure is typically spent locally on materials, labour, and services, including shipyard fees, engineering, painting, electronics, and interior work. This can include local subcontractors, suppliers, and service providers, boosting the local marine and trades economy.
57. Job Creation: Each refit project provides skilled employment for local workers such as engineers, electricians, carpenters, painters, and project managers. Superyacht refit projects can generate both short-term and long-term job opportunities within the marine sector and beyond. For example, the refit of a single 60-metre yacht could employ over 100 people during the duration of the project.

#### *Indirect Economic Impact*

58. Tourism and Hospitality: When a superyacht is brought to a region for refit, its crew and sometimes the owners or guests spend extended periods in the area. This spending on accommodation, food, transport, and entertainment injects additional revenue into the local economy. A study on the refit industry in the Mediterranean estimated that crew-related spending could contribute several hundred thousand dollars per yacht during the refit process.<sup>11</sup>
59. Supply Chain: The demand for materials and components for superyacht refits stimulates a wide range of local industries, including manufacturing, logistics, and service providers. These industries experience a multiplier effect as they receive additional business from superyacht-related activities.

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<sup>10</sup> The following reports collectively suggest that investments in superyacht infrastructure yield robust economic benefits, typically reinforcing the 2.0 to 3.0 multiplier range for related activities in this sector: [Superyacht attraction initiatives paying off for New Zealand - Marine Business News](#)  
[superyacht-australia-industry-fact-sheets\\_final\\_080323.pdf \(infrastructure.gov.au\)](#)  
[Governing Body meeting held on 23/11/2017 - Item 14 Consideration of America's Cup 2021 location, infrastructure and funding - Attachment Auckland's Super Yacht Industry - Outlook and Potential Economic Impacts by m.e consulting \(aucklandcouncil.govt.nz\)](#)  
[Auckland superyacht development to deliver jobs and economic benefits \(sail-world.com\)](#)

<sup>11</sup> For information on the economic impact of superyacht crew spending during refits in the Mediterranean, the *Superyacht Refit Report* by The Superyacht Group provides a comprehensive analysis.  
[The Superyacht Refit Report by The Superyacht Group - Issuu](#)  
[SuperyachtNews.com - Operations - Out Now: The Superyacht Refit Report](#)  
[Palma, strategic hub of the 'refit' sector in the Mediterranean. \(balearicmarinecluster.com\)](#)

*Long-term Regional Benefits*

60. **Industry Reputation:** The presence of a high-quality superyacht refit facility enhances a region's reputation as a maritime hub. This can lead to more superyacht traffic, which creates repeat business for the refit facility and attracts more yachts to the region. Refit facilities that build a strong reputation for quality work often experience long-term growth as word spreads in the superyacht community.
61. **Boost to Related Sectors:** The wider local marine industry will benefit from the presence of superyacht presence. Yacht brokers, charter services, shipyards, marinas, and marine equipment suppliers all stand to gain when superyachts refit in a particular area. For instance, the International Council of Marine Industry Associations (ICOMIA) found that regions with robust superyacht refit facilities see sustained growth in related marine sectors.

**Wharf Development at the Marine Precinct**

62. As part of the sale and purchase agreement for the Marine Precinct, Council has committed up to \$29.2 million for the development of an alongside wharf and the replacement and upgrade of Bridge Wharf. These wharfs are essential for the success of the Precinct and will remain in Council ownership.
63. The Purchaser will receive a 35% management fee on the berthage and 40% of the revenue after deduction of the management fee. Council will receive the balance of the revenue (i.e. 60% of the revenue after deduction of the management fee). The reason for the Purchaser receiving a share of the revenue is to support the Vessel Works business. The Purchaser contended through negotiations that this would enable the business to operate at a small profit, with the past poor financial performance of Vessel Works being proof that a large share of the berthage is required to ensure it is not a loss-making activity. The Purchaser does not intend for Vessel Works to receive other income (apart from storage on the hard stand and haul out, as it does currently) and receiving a share of the wharf revenue is intended to enable the success of businesses located on the Precinct.

*Alongside Wharf Development*

64. The purpose of the alongside wharf is to provide a facility that will enable larger vessels to berth alongside for maintenance and refit services. The alongside wharf will allow vessels to remain in the water during servicing, which is essential for certain operations that do not require a haul-out but need easy access for repairs or loading. At up to 160m in length, it will be the longest floating refit wharf in the southern hemisphere (to Council's knowledge). It also will have the benefit of a 600amp power supply which will allow large vessels to plug into onshore power. Access to this large a power supply from an alongside wharf is unique and will contribute to the desirability of the Precinct as refit and repair facility.

*Bridge Wharf Replacement and Upgrade*

65. The Bridge Wharf, which serves as berthage for commercial vessels, will be replaced as part of the Marine Precinct development.
66. The replacement and upgrade will increase the wharf's capacity and safety standards, allowing more vessels to use the facility simultaneously and providing safe and efficient access for vessel maintenance.
67. Bridge Wharf in its current state is entering end of life. Even with regular maintenance, it cannot continue to be used safely in its current form, as the main spine of the wharf will reach the end of its life in nine years.
68. As part of its replacement and upgrade the existing load/unload wharf (load ice and fuel, unload fish) used by the fishing fleet will be removed. Once replaced and upgraded the new Bridge Wharf will be focussed on superyachts, a growing industry domestically and internationally, as this will be the focus of the Marine Precinct post-sale. Tauranga currently lacks adequate berths for superyachts, limiting the ability for these vessels to visit the city.



### Costs

69. Over the 2024-2034 Long-Term Plan (LTP) period Council currently has allocated:
  - For the wharf extension (alongside) - \$11.449M.
  - For the Bridge Wharf maintenance works - \$10.9M.
  - For the “Central Plaza Wharf” \$8.96M.
70. The estimated costs for construction of each element are:
  - For the wharf extension - \$11.2-12.4M (worst case therefore \$951K shortfall).
  - For the Bridge Wharf upgrade - \$15.5M-16.8M (worst case therefore \$5.9M shortfall).
71. Council, together with Priority One, is seeking an equity investment from Central Government through the Regional Infrastructure Development and Investment Unit (Kanoa). Other funding and financing opportunities are also being looked for.
72. Future reports will develop funding options for wharf construction allowing for these facilities to be funded appropriately - this includes maximising user fees with the potential need for rate input to recognise the wider economic benefits that this facility will bring.

### The impact of the sale of Marine Precinct on current users

73. The Purchaser of the Marine Precinct is focussed on the growth potential offered by the domestic and international superyacht market. Conditions in the sale and purchase agreement for the Precinct reflect this focus and will result in most of the black boat operators (working boats) relocating from berths within the Precinct.
74. Some larger vessels critical to servicing Tauranga (vehicle ferry services) will be able to remain berthed at the new Bridge Wharf. However, the fishing fleet will need to relocate, and it is uncertain as to whether the YWAM KOHA (a vessel used to provide dental and other services to Pacific Islands) will be able to continue to be berthed within the Precinct.

### Meeting the needs of the city’s commercial fishing community

75. With the closure of the Sandford fish processing plant, Tauranga has become a transit point for fish caught on the east coast of the North Island. The vast bulk of the fish unloaded in Tauranga are loaded into trucks and transported north for processing.
76. As discussed above, the development of the Marine Precinct as a superyacht facility will result in the displacement of the commercial fishing community who currently use Bridge Wharf, as these two activities are not compatible.
77. Whilst it is difficult to find any data on the economic benefit the fishing fleet brings to Tauranga, or how many people it employs, it is acknowledged that the local fishing fleet contributes to the broader New Zealand marine industry and supports some local jobs, supply chains, and ancillary services.
78. Council is committed to working with the fishing community to find a berthing solution. Two possibilities exist, development of wharf infrastructure connected to privately owned *and/or* Council owned land. Further information is provided in publicly excluded Attachment 6.
79. Funding, in the Long-Term Plan Amendment and pursuant to a previous Council report, has been allocated for this. Further, Council will work with the fishing fleet operators and Kanoa to come up with a solution that supports the local fishing industry with a long-term view.

### STATUTORY CONTEXT

80. Council followed the disposal process set out in Council’s Property Acquisitions and Disposals Policy and has considered its consultation requirements under the Local Government Act 2002 (LGA), as discussed under the consultation and engagement section of this report.

**STRATEGIC ALIGNMENT**

81. This contributes to the promotion or achievement of the following strategic community outcome:

	Contributes
We are an inclusive city	<input type="checkbox"/>
We value, protect and enhance the environment	<input type="checkbox"/>
We are a well-planned city	<input type="checkbox"/>
We can move around our city easily	<input type="checkbox"/>
We are a city that supports business and education	<input checked="" type="checkbox"/>

82. The Our Direction document, which sets out Council’s strategic direction for the city, highlights investment into the marine sector as a focus for Council and its economic development partner, Priority One.

83. The sale of the Marine Precinct for continued use and development as a marine services hub directly aligns with this focus.

84. Utilising Marine Precinct as a superyacht refit and repair facility will provide significant direct and indirect economic benefits to Tauranga, as well as supporting the development of specialist skills.

85. Whilst fishing operators may be concerned about their displacement from the Precinct, Council is committed to securing alternative premises, ensuring the future viability of this industry in Tauranga.

**OPTIONS ANALYSIS**

**Option One (Recommended)**

86. Council completes further work investigating:

- options for Tauranga’s fishing and working boat community, including the development of wharf infrastructure connected to privately owned and/or Council owned land.
- equity, funding and/or financing options to help meet the cost of delivering all wharf infrastructure (but in particular to support Tauranga’s fishing and working boat community).

87. Key risk: This option has minimal risks, as it is an investigative piece of work, however resulting proposals may carry a number of risks, and these will be discussed in subsequent reports. The primary risk at this stage is that Council expends staff time and costs investigating options which do not deliver positive outcomes.

Advantages	Disadvantages
<p>Allows Council to further engage with the black boat community</p> <p>Allows Council to investigate a range of solutions for the future continuity of the fishing sector in Tauranga.</p> <p>Provides the potential of securing equity, funding and/or financing to contribute towards the cost of wharf infrastructure.</p>	<p>Requires Council to commit further staff time and cost.</p>

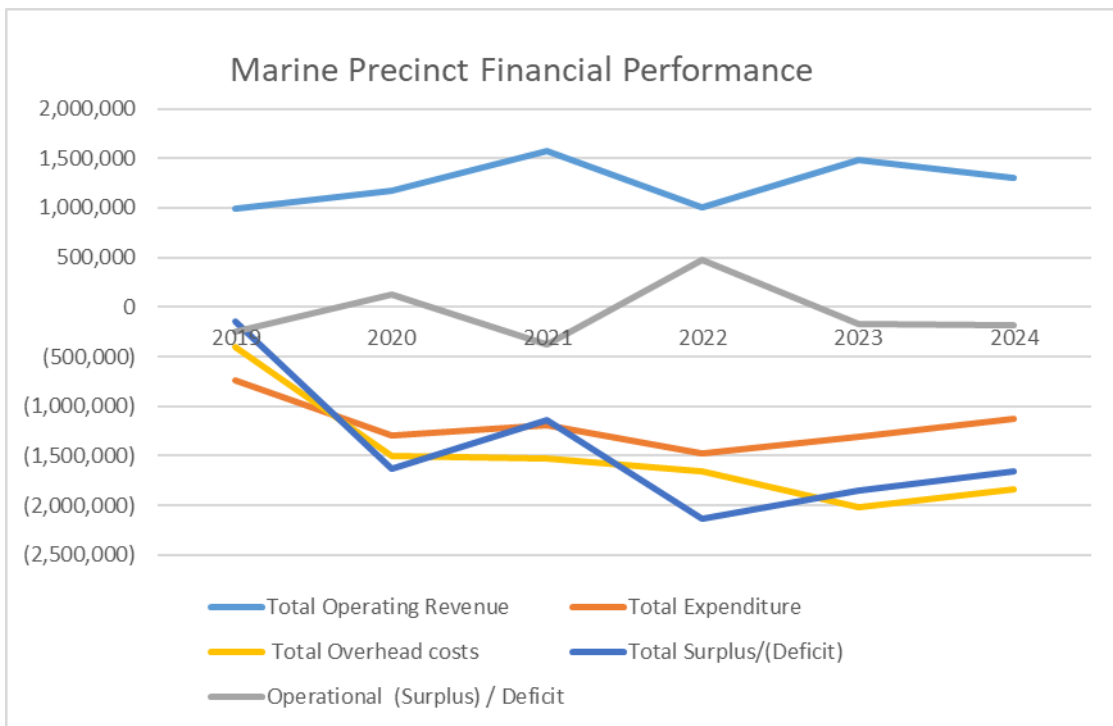
**Option Two (Not recommended)**

- 88. Council does not complete further work investigating:
  - options for Tauranga’s fishing and working boat community, including the development of wharf infrastructure connected to privately owned and/or Council owned land.
  - equity, funding and/or financing options to help meet the cost of delivering all wharf infrastructure (but in particular to support Tauranga’s fishing and working boat community).
- 89. **Key risks:** That Tauranga’s commercial fishing sector is negatively impacted by its lack of access to Bridge Wharf, jeopardising the viability of the sector and that Council must meet the full cost of wharf developments at the Marine Precinct.

Advantages	Disadvantages
<p>Council does not allocate further resources towards the investigation of options for the delivery of wharf infrastructure for the fishing community and towards investigating equity, funding and/or financing options for wharf infrastructure.</p> <p>Council does not spend additional funds on the delivery of wharf infrastructure for the fishing community.</p>	<p>Tauranga’s commercial fishing sector is negatively impacted by the lack of access to suitable wharf infrastructure.</p> <p>Council loses the opportunity to secure external equity, funding and/or financing to help meet the cost of wharf development.</p> <p>Council’s reputation is damaged by its decision to not pursue options for the commercial fishing and work boat community.</p>

**FINANCIAL CONSIDERATIONS**

- 90. As set out on the below graph, the Marine Precinct operates at a reasonably substantial loss. It has achieved a small gross surplus, but after considering depreciation, Council overheads and interest costs, the total trading deficit is currently around \$2M pa.



Notes to graph

1. 2023 figures exclude vessel demolition costs and expense recovery in 2023 to remove anomaly.
2. Overheads includes depreciation, internal debt servicing and Council corporate overheads.

91. There is currently \$26.3M of debt allocated to the Marine Precinct activity. It was resolved in July 2023 that debt allocated to Asset Realisation Reserve Assets would not be repaid unless Council resolved otherwise. Accordingly, it is presumed the debt will remain against the activity with the full proceeds of sale available for Council capital projects. Once the wharf development plans have been agreed a full funding and financing plan will be presented to Council.
92. Council obtained two valuations. The first was from Property Solutions on 3 July 2023 and the second was from PRP on 5 December 2023. The valuation comparison is attached to the Term Sheet. This does not include the 7195m<sup>2</sup> hard stand area which was valued at \$6.12M and \$7.81M by Property Solutions and PRP respectively (see discussion below). Total valuations for the divestment areas were assessed at \$19.24M and \$18.63M respectively.
93. The purchaser has agreed to align his offer with the valuation mid-point data, except with respect to the leased property at 6 Cross Road as this reflects a more recent analysis of commercial cap rates.
94. The hardstand and Vessel Works equipment have been effectively valued at:
  - (a) Hardstand – \$110K.
  - (b) Vessel Works equipment - \$250K.
95. Note also that Council had the following book values (as at 30 June 2023) for the land, improvements and equipment:
  - (a) Land \$19.5M.
  - (b) Hardstand - \$7M.
  - (c) Stormwater system - \$1.6M.
  - (d) Travel lift \$656K.
  - (e) Other equipment (CCTV, fencing, water blaster, sweeper etc) - \$482K.There will be a significant write-down of these assets.
96. The Purchaser's reasoning for the nominal values includes:
  - (a) Commerciality of the hardstand area relies entirely on what goes on around it.
  - (b) The hardstand is an enabler to attract the marine industry.
  - (c) Vessel Works has operated at a loss so, on paper, the operation assets present a liability.
  - (d) The hardstand area will not be used for anything else.
  - (e) The Purchaser will be extending the hardstand area (area 2) at a significant cost.
97. The Purchaser was also not willing to pay the "harbour front premium" of \$3.3M that was included in the Property Solutions assessment (but not the PRP) as his view is that this is appropriate for residential but not an industrial precinct.
98. There are site limitations, and the Purchaser has agreed to encumber the hardstand area so that it remains utilised for hardstand purpose only (unless economic conditions deteriorate/the business proves to be unsustainable etc). That is, the hardstand cannot be built on or used for anything else. This does materially devalue the land although arguably adds premium to the sites around it.

99. Effectively this leaves Council with:

Valuation midpoint	\$23.131M
Less 25 Hikuwai midpoint	(\$6.963M)
Less risk @ midpoint	(\$2.541M)
Plus 25 Hikuwai negotiated value	\$0.110M
Plus Vessel Works Plant and Equipment	\$0.250M
<b>Total</b>	<b>\$13.987M</b>

100. The economic benefits of the sale and development of the Marine Precinct are set out earlier in this report and in Attachment 5.

101. It should also be noted that the purchaser's investment in the site will be significant. High level numbers have been discussed but not to the required detail we would be able to record in this report at this stage.

### LEGAL IMPLICATIONS / RISKS

102. The reports of 27 November 2023 and 8 April 2024 considered the legal requirements that had to be met as part of the sale of the Marine Precinct, and can be reviewed in Attachment 1, points 29 to 34, and Attachment 2, points 37 to 43.

### TE AO MĀORI APPROACH

103. Council consulted with Mana Whenua as part of the disposal process for the Marine Precinct. Council staff met with Mana Whenua on 17 October 2023. Representatives of Ngati Tapu, Ngāti Pukenga, Otamataha Trust, Ngati Ranginui, Ngai Tamarawaho and Ngai Te Rangi were present. The assessment summary of the proposed sale of the Marine Precinct (a requirement of the Property Acquisition and Disposal Policy) was discussed at the hui. Participants were keen to stress the significance of the site, given its proximity to Otamataha Pa and the historic importance of the underlying spit for the collection of shellfish (pipi) and seafood.

104. A copy of the assessment summary was distributed by email on 7 November 2023. The email sought feedback with respect to any other cultural matters that should be identified and considered in the assessment of the property (in addition to those raised at the meeting) and any comments Mana Whenua may have in relation to the classification.

105. There appears to be general support for the kaupapa (principle) of the Marine Precinct and that it continues to support marine activities. Mana Whenua's primary concern is protection of the Mauri (special nature) and wairua (essence) of the moana – that is, the effect on its wet fish and shellfish, the potential for discharge into the moana, water space for future jetties, re-fuelling of vessels, and other future developments.

106. The Council report of 23 November 2023 (Attachment 1) noted that these issues, and particularly environmental matters, would be managed in conjunction with the Tangata Whenua of Te Awanui.

### CLIMATE IMPACT

107. The Purchaser has confirmed in writing to Council that he is committed to incorporating sustainable practices into their business model and acknowledged the growing importance of environmental considerations in the superyacht industry.

108. Marine precincts globally are increasingly adopting sustainable practices to minimise environmental impacts while supporting economic growth. These precincts typically focus on key areas such as water management, habitat protection, and renewable energy use. Council can work with the purchaser to encourage these practices.

109. Council will also work with the purchaser to ensure the redeveloped site complies with the NZMOA Clean Marine program and achieves "Gold Anchor" accreditation.

## CONSULTATION / ENGAGEMENT

110. The LGA sets out general consultation requirements for councils under section 78(1).
1. *A local authority must, in the course of its decision-making process in relation to a matter, give consideration to the views and preferences of persons likely to be affected by, or to have an interest in, the matter.*
111. In 2022, Council engaged TwentyTwo consultants to assess future development and leveraging options for the Marine Precinct. The resulting report compares different development and operating models for the precinct.
112. TwentyTwo obtained and detailed stakeholder feedback on future options for the Marine Precinct that included leasing or sale. The TwentyTwo report envisaged that Council might sell the land to a third party, relying on the land covenants and the purchaser's reputation in the relevant market.
113. Tompkins Wake has advised Council that it could, because of the engagement completed by TwentyTwo consultants, reasonably exercise its discretion under section 79(1) LGA to decide that it has complied with section 78 in a manner that was "largely in proportion to the significance" of the divestment decision.
114. In short, Council decided that no further consultation was required on the possible divestment of the Marine Precinct.
115. However, given that the black boat berthage and load/unload requirements cannot be accommodated within the Marine Precinct moving forward, it is recommended that further engagement occurs as part of assessing options for Tauranga's fishing and working boat community.
116. Further discussion regarding consultation and engagement requirements is provided by the 27 November 2023 and 8 April 2024 reports (Attachments 1 and 2).

## SIGNIFICANCE

117. 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.
118. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
2. (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  3. (b) any persons who are likely to be particularly affected by, or interested in, the sale and development of the Marine Precinct.
  4. (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
119. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the sale and development of the Marine Precinct is of high significance. However, the decision proposed by this report, further investigation into future options for the fishing community, is of low significance.






## ENGAGEMENT

120. Taking into consideration the above assessment, that the matter is of high significance, but the decision is of low significance, officers are of the opinion that no further engagement is required prior to Council making a decision.
121. Whilst the sale of the Marine Precinct is of high significance, consultation on the future of the Marine Precinct occurred previously. The decisions proposed by this report, to complete further investigation into future options for the fishing community and into options for funding and financing of all proposed wharf infrastructure, are of low significance and do not require consultation or engagement.
122. However, Council will engage with the fishing community as part of its investigation into future options for wharf access for this community, and the results of this engagement will be reported back to Council.

## NEXT STEPS

123. If Council adopts the recommendations of this report, the next steps are a further report, as soon as is reasonably practicable, which will provide information regarding:
  - options for Tauranga's fishing and working boat community, including the development of wharf infrastructure connected to privately owned and/or Council owned land.
  - equity, funding and/or financing options to help meet the cost of delivering all wharf infrastructure (but in particular to support Tauranga's fishing and working boat community).

## ATTACHMENTS

1. **Council Report - Marine Precinct - 27 November 2023 - A16874007** [↓](#) 
2. **Council Report - Divestment of Marine Precinct and Vessel Works - 8 April 2024 - A16874005** [↓](#) 
3. **Council Report - City Wharf Infrastructure Funding - 20 May 2024 - A16874008** [↓](#) 
4. **PWC summary of terms - Sale of the Marine Precinct - A16845431** [↓](#) 
5. **Economic benefits of the superyacht industry - Sale of the Marine Precinct - A16840751** [↓](#) 
6. **Public Excluded - Ensuring the future of the fishing community - Sale of the Marine Precinct - A16840752 - Public Excluded**

(Note: the attachments to the previous reports, Attachments 1 – 3 above, are not included but are publicly available on Council's website)













































































































## 7.5 Approval to change the classification for part of Kopurererua Valley (Puketoromiro Pā) from recreation reserve to historic reserve

**File Number:** A16165499

**Author:** Emma Joyce, Open Space and Community Facilities Planner

**Authoriser:** Barbara Dempsey, General Manager: Community Services

### PURPOSE OF THE REPORT

1. To approve the change of classification for that part of the Kopurererua Valley recreation reserve known as Puketoromiro Pā from recreation reserve to historic reserve.

### RECOMMENDATIONS

That the Council:

- (a) Receives the report "Approval to change the classification for part of Kopurererua Valley (Puketoromiro Pā) from recreation reserve to historic reserve".
- (b) Notes that there were no objections to the proposal to the proposed change of classification for that part of Kopurererua Valley recreation reserve known as Puketoromiro Pā.
- (c) Approves, subject to section 24 of Reserves Act 1977, a change of classification for that part of the Kopurererua Valley recreation reserve known as Puketoromiro Pā to historic reserve and shown on the survey plan as Section 1 SO607864.

### EXECUTIVE SUMMARY

2. The Reserves Act 1977 (the Act) requires all reserves to be classified according to their primary purpose and for management decisions to be in accordance with that primary purpose. As the Kopurererua Valley is classified as recreation reserve, it is managed for its primary purpose to provide for sport and recreation. However, this purpose is not appropriate when considering how to best to manage the cultural and historical significance of Puketoromiro Pā located within the recreation reserve.
3. As required under the Act, a one-month public notification of the proposed change of classification commenced on 14 June 2024. No objections were received. Council (as the reserve administering body) is now required to consider the proposal and submissions received before making a decision on the change of classification.
4. This report requests Council approve the change of classification for that part of the reserve known as Puketoromiro Pā from recreation to historic reserve. The historic reserve classification will ensure the primary purpose of the reserve is to protect and preserve in perpetuity the historical and archaeological features of the Pā (s18 of the Act).

### BACKGROUND

5. Council and Ngāi Tamarawaho partnered to develop the 2023 Puketoromiro Pā Heritage Management Plan. An action within that plan is to seek the reclassification of Puketoromiro Pā to historic reserve to better recognise its heritage values. The current recreation reserve classification only requires historic features within the reserve to be "managed and protected to the extent compatible" with the primary purpose of the reserve to provide for sport and recreation.

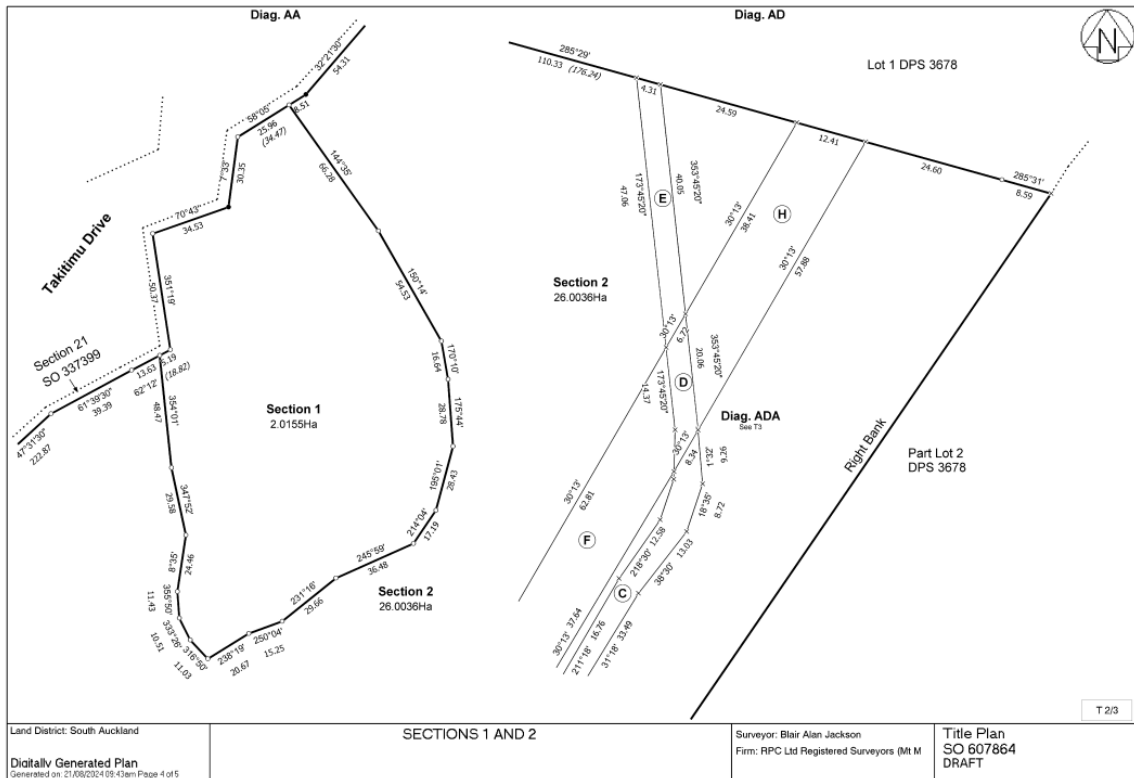


6. The purpose of historic reserves is to protect and preserve in perpetuity historic features located in reserves. A historic reserve classification for the Pā would ensure that all decisions regarding the management of the Pā first consider the impact on its heritage values. A historic reserve classification cannot be changed unless the archaeological or historic features of the reserve are destroyed (s18 of the Act).
7. Figure 1 below shows the general location of the pā (outlined in blue) within the wider reserve. A survey was commissioned through this project to ensure the boundaries of the proposed historic reserve are consistent with the boundaries of the pā (figure 2).

**Figure 1: Location of Puketoromiro Pā within the Kopurererua Valley Reserve with Pā outlined in blue**



Figure 2: 2024 survey plan showing pā boundaries and proposed historic reserve



8. No objections to the change of classification were received following public notification of the proposal. Support for the proposal was received from the Rotary Centennial Trust (who are actively involved in the development of the reserve) and the Tauranga Historical Society. Council (as the administering body for the reserve) is now able to decide on the proposed change of classification.

**STATUTORY CONTEXT**

- 9. Section 24(1) of the Act provides for administering bodies to reclassify reserves subject to provisions in that section. Following a one-month public notification period, Council is required to consider all objections received to the proposal and make a recommendation to the Minister. Once approval is received from the Minister, the reclassification is confirmed by way of a notice in the *Gazette*.
- 10. The Tauranga Reserves Management Plan (TRMP) categorises the Kopurererua Valley as a recreation and ecological linkage. This is not proposed to change. Decisions on appropriate activity in the reserve must have regard to both the Act and the City Plan. The Kopurererua Valley is zoned passive open space in the Tauranga City Plan. The pā and the valley are also considered significant archaeological and significant Māori areas in the plan. Any development in the area would need to consider those relevant provisions.

**STRATEGIC ALIGNMENT**

11. This contributes to the promotion or achievement of the following strategic community outcomes:

	Contributes
We are an inclusive city	<input type="checkbox"/>
We value, protect and enhance the environment	<input checked="" type="checkbox"/>
We are a well-planned city	<input checked="" type="checkbox"/>
We can move around our city easily	<input type="checkbox"/>

We are a city that supports business and education

12. The reclassification of the pā will ensure appropriate management of key sites of cultural and ecological significance.

### OPTIONS ANALYSIS

13. Council could either approve or not approve the change of classification.

Option		Advantages	Disadvantages
1	<b>Approve the change of classification (recommended)</b>	<ul style="list-style-type: none"> <li>Ensures the primary purpose of the reserve is the protection of the historic and archaeological features of the Pā</li> <li>Recognises the historic significance of the pā and its significant location within the Kopurererua Valley</li> <li>Recognises that sport and recreation is inappropriate in this location</li> </ul>	<ul style="list-style-type: none"> <li>Inconsistent reserve classification across the whole valley</li> </ul>
2	Do not approve the change of classification	<ul style="list-style-type: none"> <li>Consistent classification for the entire valley</li> <li>Recognises that management statements in the TRMP require us to protect historic features within reserves regardless of reserve classification</li> </ul>	<ul style="list-style-type: none"> <li>The historic features of the pā are only “managed and protected to the extent compatible” with the reserve’s purpose to provide for sport and recreation.</li> <li>Less formal recognition of the historic and archaeological value of the pā</li> </ul>

### FINANCIAL CONSIDERATIONS

14. There is a small cost to place the required notice in the Gazette of the reclassification. This is included in existing operational budgets. Physical works to enable people to walk up to the top of the pā was completed in 2020. No additional budget is being sought at this time.

### LEGAL IMPLICATIONS / RISKS

15. There are no legal implications arising from the recommendation.
16. There is a risk that retaining the recreation reserve classification for the Pā will result in management decisions supporting recreation will impact the pa.

### TE AO MĀORI APPROACH

17. The reclassification of Puketoromiro Pā is an action in the Puketoromiro Pā Heritage Management Plan developed in partnership by Council and Ngāi Tamarawaho. Ngāi Tamarawaho are supportive of the reclassification and this was confirmed through this process. We continue to partner with the hapū to manage the pā as well as the whole reserve.

### CLIMATE IMPACT

18. The recommendations in this report do not have a specific climate impact.
19. The Kopurererua Valley is an area of high ecological significance. Protecting and restoring wetlands, riparian buffer zones and remnant native plantings near waterways to ensure their

ecological function is a key outcome supported by the Nature and Biodiversity Action and Investment Plan. While reserves may support climate mitigation and adaptation, this purpose is not specifically provided for in the Act.

## CONSULTATION / ENGAGEMENT

20. Public notification of any proposal to reclassify reserve land is required by the Act. In accordance with the procedure outlined in the Act, a public notice was placed in the Bay of Plenty Times on 14 June 2024. One submission in support of the proposed change of classification was received from the Tauranga Historical Society. No objections to the proposal were received.
21. As a key stakeholder in the restoration of the Kopurererua Valley, staff advised the Rotary Centennial Trust of the reclassification proposal. The Trust were supportive noting that it would better recognise the cultural and historical value of the area. A copy of their feedback is also appended at Attachment 1.
22. New Zealand Transport Agency Waka Kotahi previously advised that any future widening of Takitimu Drive will be within the existing road corridor and not impact on the pā.

## 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 decision.
  - (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 decision is of low significance. It is noted that the ongoing management of the Kopurererua Valley is of high significance to hapū.

## ENGAGEMENT

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

## NEXT STEPS

27. The Minister of Conservation has delegated back to administering bodies the power to reclassify reserves. Council has sub-delegated this to the General Manager: Community Services as the General Manager responsible for the reserve in question. Subject to the decision of this meeting and receiving this delegated approval, a notice will be placed in the *Gazette* confirming the change of classification.
28. Council is also required to send a copy of this report, any objections received, and the resolution of Council to the Commissioner (an officer designated by the Director-General for the purposes of the Act) for their information.

## ATTACHMENTS

1. **Submissions to Pukeotomiro Pa reclassification - A16740741**  







## 7.6 Temporary Road Closures - Events 2024/2025

**File Number:** A15914631

**Author:** Lindsay Cave, Team Leader: Corridor Access & Temporary Traffic Management  
Jenna Quay, Events Facilitation Manager

**Authoriser:** Nic Johansson, General Manager: Infrastructure

### PURPOSE OF THE REPORT

1. To seek Council approval of temporary road closures for upcoming events.

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### RECOMMENDATIONS

That the Council:

- (a) Receives the report "Temporary Road Closures - Events 2024/2025".
- (b) Pursuant to Clause 11(e) of the Tenth Schedule of the Local Government Act 1974, grants approval to close the roads listed on Attachment A to ordinary vehicular traffic on the dates and during the hours stated for the purposes of facilitating safe and successful operations during the following events in Tauranga.

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### EXECUTIVE SUMMARY

2. Pursuant to Clause 11(e) of the Tenth Schedule of the Local Government Act 1974 this report seeks the Council to approve the temporary road closures associated with events and activities in Tauranga as outlined in Attachment A.
3. The road closures aim to provide safe and well-organised events for public to attend, protect competitors, manage the transport network and minimise impacts to residents and businesses while events are taking place.
4. The organiser of each event will:
  - Undertake engagement with affected residents and businesses prior to the event occurring.
  - Submit a detailed temporary traffic management plan to the Corridor Access & Temporary Traffic Management Team for approval as part of Councils overall event approval process. This plan stipulates all traffic signage indicating sections of roads or carparks closed, alternative detours and, any other appropriate signage for traffic control and advance warning of road closures in accordance with the Code of Practice for Temporary Traffic Management (CoPTTM).

### BACKGROUND

5. The Event Facilitation Team coordinate a calendar of events with event organisers and affected stakeholders across the city. Event planning meetings are held in advance of events with representation from various Council teams, city stakeholders and the organisers. Many of these events have been running for several years with traffic management and road closures playing an important role in supporting the safety of event participants and the public.



6. Road closures allow for safe access to, during and from events by creating separation of vehicles from pedestrians. The wider event approval process led by the Event Facilitation Team assists in managing the impacts of events on residents and ensures event activities are managed within Councils regulatory requirements such as noise management, building consents, liquor licences and communication plans for example.

### STATUTORY CONTEXT

7. This contributes to the promotion or achievement of the following strategic community outcome(s):

	Contributes
We are an inclusive city	✓
We value, protect and enhance the environment	□
We are a well-planned city	✓
We can move around our city easily	✓
We are a city that supports business and education	✓

8. Council has the authority to close roads under the powers of the Local Government Act 1974 – Clause 11(e) of Schedule 10.

### FINANCIAL CONSIDERATIONS

9. None.

### LEGAL IMPLICATIONS / RISKS

10. The formal approval of road closures by the Council is part one of a two-part approval process. In addition to seeking this approval from the Council under the Act, part two requires a warranted Site Traffic Management Supervisor (STMS), usually a traffic management company engaged by the event owner to submit a traffic management plan (TMP) to Tauranga City Council.
11. The Corridor Access team has delegated authority as a Traffic Management Coordinator (TMC) to review and approve a TMP in accordance with the Code of Practice for Temporary Traffic Management (CoPTTM).
12. The traffic management contractor engaged by the event owner has a duty to ensure so far as reasonably practicable the safe and efficient movement of all road users through and around the working space. This requires a risk assessment to be completed before the implementation of a traffic management operation.

### TE AO MĀORI APPROACH

13. No Te Ao Māori implications. This is a regulatory requirement.

### CLIMATE IMPACT

14. No climate implications. This is a regulatory requirement.

### CONSULTATION / ENGAGEMENT

15. All temporary road closures must be publicly notified by Tauranga City Council allowing a period for the public to submit comments. Any objections must be considered by the Committee before making a decision on the requested temporary road closures.
- (a) The temporary road closures were publicly notified on 1 October 2024 in the Bay of Plenty Times.
- (b) The consultation period finished on 22 October 2024. Staff to advise if any objections have been received at the Council meeting.

## SIGNIFICANCE

16. 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.
17. 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.
18. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the decision is of low significance.

## ENGAGEMENT

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

## ATTACHMENTS

1. **Attachment A - Proposed Temporary Road Closures - Events 2024/2025 - A16744653** [↓](#)  




**8 DISCUSSION OF LATE ITEMS**

## 9 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
<b>9.1 - Approval for Twin Watermains Construction within Takitimu North Link under Waka Kotahi's Joint Venture Contractor</b>	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
<b>9.2 - Tauriko West Funding Agreement - Variation of Feasibility Condition</b>	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
<b>9.3 - Confidential Major Event Opportunity</b>	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
<b>Confidential Attachment 1 - 7.3 - Tauranga Art Gallery land purchase - chronology and record of decisions</b>	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
<b>Confidential Attachment 6 - 7.4 - Sale of the Marine Precinct</b>	s7(2)(i) - The withholding of the information is necessary to enable Council to carry on, without	s48(1)(a) the public conduct of the relevant part of the proceedings of the meeting would be likely to result

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	prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
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**10 CLOSING KARAKIA**