



MINUTES

**Ordinary Council meeting
Tuesday, 29 October 2024**

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**MINUTES OF TAURANGA CITY COUNCIL
ORDINARY COUNCIL MEETING
HELD AT THE BAY OF PLENTY REGIONAL COUNCIL CHAMBERS,
REGIONAL HOUSE, 1 ELIZABETH STREET, TAURANGA
ON TUESDAY, 29 OCTOBER 2024 AT 9.35AM**

- MEMBERS PRESENT:** Mayor Mahé Drysdale (Chairperson), Deputy Mayor Jen Scoular (via Teams), Cr Hautapu Baker, Cr Glen Crowther, Cr Rick Curach, Cr Steve Morris, Cr Marten Rozeboom, Cr Kevin Schuler, Cr Rod Taylor
- LEAVE OF ABSENCE:** Cr Mikaere Sydney
- IN ATTENDANCE:** Marty Grenfell (Chief Executive), Paul Davidson (Chief Financial Officer), Barbara Dempsey (General Manager: Community Services), Nic Johansson (General Manager: Infrastructure), Alastair McNeill (General Manager: Corporate Services), Gareth Wallis (General Manager: City Development & Partnerships), Sheree Covell (Treasury and Financial Compliance Manager), Kathryn Sharplin (Manager: Finance), Susan Braid (Finance Lead Projects Assurance), Mike Seabourne (Head of Transport), Karen Hay (Acting Manager: Safety and Sustainability), Caroline Lim (CCO Specialist), Mike Naude (Director of Civic Development), Alison Law (Manager Spaces and Places), Ross Hudson (Manager: Strategic Planning and Partnerships), Helen Andrews (Financial Analyst), Coral Hair (Manager: Democracy & Governance Services), Anahera Dinsdale (Acting Team Leader: Governance Services), Aimee Aranas (Governance Advisor), Janie Storey (Governance Advisor)
- EXTERNAL:** Anton Labuschagne (Manager) and Leon Pieterse (Director) - Audit NZ
Stephen Boyle - BOPLASS
Simon Clarke (Chair), Chad Hooker (CEO), Adam Ellmers (CFO) and Nick Lowe, (Director) - Bay Venues
Rosemary Protheroe (Chair) and Sonya Korohina (Director) - Tauranga Art Gallery
Russ Browne (Chair), Oscar Nathan (General Manager) and Richard Beer - Tourism BOP
Kim Wallace (Chair) -Te Manawataki o Te Papa Ltd

1 OPENING KARAKIA

Cr Hautapu Baker opened the meeting with a karakia.

2 APOLOGIES

Cr Mikaere Sydney had been granted leave of absence

3 PUBLIC FORUM

Nil

4 ACCEPTANCE OF LATE ITEMS

RESOLUTION CO22/24/1

Moved: Cr Rod Taylor

Seconded: Cr Marten Rozeboom

That the following items be included in the agenda:

Accepts the following late items for consideration at the meeting:

- 11.9 Memorial Park Aquatic Centre Update
- 13.4 Memorial Park Aquatic Centre Updated Business Case (Public Excluded)

The above supplementary items were not included in the original agenda because they were not available at the time the agenda was issued, and discussion cannot be delayed until the next scheduled meeting of the Council because a decision is required in regard to these items.

CARRIED

5 CONFIDENTIAL BUSINESS TO BE TRANSFERRED INTO THE OPEN

Nil

6 CHANGE TO THE ORDER OF BUSINESS

It was noted that the Adoption of Annual report would take place at 1.30pm and the CCO's would present their Annual Reports at 1.45pm.

7 CONFIRMATION OF MINUTES

7.1 Minutes of the Council meeting held on 26 August 2024

RESOLUTION CO22/24/2

Moved: Cr Rick Curach

Seconded: Cr Rod Taylor

That subject to the following correction the Minutes of the Council meeting held on 26 August 2024 be confirmed as a true and correct record:

- Spelling of Jan Gyenge on pages 10, 12 and 14.
- Item 11.3 to read "staff were working with the government, hapū and iwi to get clarity with regards to Te Mana o te Wai."

CARRIED

7.2 Minutes of the Council meeting held on 16 September 2024

RESOLUTION CO22/24/3

Moved: Cr Kevin Schuler

Seconded: Cr Rod Taylor

That subject to the foregoing correction the Minutes of the Council meeting held on 16 September 2024 be confirmed as a true and correct record:

- Item 11.8 – change the increase in debt from \$155.5M to \$151.5M.

CARRIED

8 DECLARATION OF CONFLICTS OF INTEREST

Nil

9 DEPUTATIONS, PRESENTATIONS, PETITIONS

Nil

10 RECOMMENDATIONS FROM OTHER COMMITTEES

10.1 Appointment of Deputy Chair of Nga Poutiriao o Mauao

Staff: Anahera Dinsdale

RESOLUTION CO22/24/4

Moved: Cr Rod Taylor

Seconded: Cr Rick Curach

That the Council:

- (a) Receives the report "Appointment of Deputy Chair of Nga Poutiriao o Mauao".
- (b) Accepts the recommendation of Ngā Poutiriao o Mauao and approves reviewing the appointment of Deputy Chair of Ngā Poutiriao o Mauao in early 2025 pending the return of Councillor Sydney (Te Awanui Ward).
- (c) Accepts the recommendation of Ngā Poutiriao o Mauao and appoints Councillor Baker as the Deputy Chair of Ngā Poutiriao o Mauao.

CARRIED

11 BUSINESS

Message from Mayor Drysdale

Mayor Drysdale spoke to the meeting and advised:

- That Council were committed to being transparent which had been seen in a number of reports, however there had been a lot of chatter and communication and he was disappointed to see personal attacks occurring on staff.
- This was unacceptable as staff were doing the best job they could, and, as governors Councillors were there to make sure to hold staff to account but it was not acceptable to attack them. Nor was it acceptable for staff to be attacked by the public who may not know as much as the Councillors, whether they agree or disagree with the information.
- He asked that Councillors work with staff and to make sure that even, if not agreeing with decisions, there was a need to be respectful to staff.
- All of these types of comments seen would be investigated and unless there was actually evidence of dodgy dealings, it was up to each person to absolutely take accountability as if they made that decision.
- Mayor Drysdale advised that he was happy for the public to come to him and ask questions and he would share the information that he could.
- The Mayor reiterated that he did not want to see either staff or Councillors attacked when they were doing the best job they could and noted that we all needed to move forward. If information was used in the wrong way it would be harmful.

11.1 Chief Executive's Summary Report

Key Points

- Of note in the report was the capital programme for 2024/25, the decisions and considerations to reforecast the capital programme and budgets and the adoption of the annual report.

Discussion points raised

- Councillors noted their appreciation for the report advising that it was a great addition to the agenda.

RESOLUTION CO22/24/5

Moved: Cr Rick Curach

Seconded: Cr Marten Rozeboom

That the Council:

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

CARRIED

11.2 Reforecasting 2024-25 Capital Programme Budget

Staff Kathryn Sharplin, Manager: Finance
Susan Braid, Finance Lead Projects Assurance
Paul Davidson, Chief Financial Officer

Key Points

- Seeking to reforecast the budget changes made since adopting the Long Term Plan (LTP) in relation to funding for Te Manawataki o Te Papa and amendments to the National Land Transport programme.
- The amendments took Council to a 275% debt to revenue ratio and in terms of the existing borrowing covenance, conversations were being held for the growth councils to remain within 280% debt to revenue ratio.
- There were capital programme deferrals of \$88M (reduced from \$102M) and budget approval changes to be made, some of which were included in separate reports for discussion at this meeting.
- Included were reductions in interest charges and savings in operational costs.
- Changes to consider included deferring projects, subject to Council decisions in the annual plan, of \$250-300M, the details of which would be included in the upcoming annual plan workshops.
- The Chief Executive had delegation to approve amendments to \$500,000 and could bring projects forward when timing allowed and reported these to the Accountability, Performance and Finance Committee.

Cr Steve Morris left the meeting at 10.02am

- All amendments needed to stay within the cap and be identified in reporting to Accountability, Performance and Finance Committee.
- Attachment 1 provided a full project list with the budget that existed in the annual plan year. Not all of these projects had been included in the LTP.
- Year 1 included the revised LTP budget, adjustments, carry forwards and rephasing of projects.
- Deferrals were included until the 2026 annual plan process with two exceptions, an absolute reduction in the green area and \$100,000 for the Kopurererua Valley development cycle path
- Corrections – the library archive off site climate control was reduced from \$1.6M to \$228,000 as the lease option had been chosen.

- Water fluoridation had reduced from \$866,000 to \$850,000.
- Kopurererua Valley provision of \$300,000 not \$400,000 which included the cycle path.

In response to questions

- In response to a query as to whether deferrals were prudent with some projects to be delivered over multiple years, it was noted that in most cases these were multi-year projects and were likely to call upon the contingencies within that time.
- In response to what was driving the decision to increase the reforecasts presented at the workshop by another \$16M, it was noted that staff had used stage gates to manage this process, before coming back in March 2025 for the next stage of the annual plan. Some projects were given more to spend to get them through to completion. Information would be provided on this later in the meeting.
- \$200,000 included for Baypark was a lump sum in readiness for a decision around the netball court concept plan and to allow them to be expanded.

Cr Steve Morris returned to the meeting at 10.13am

- Savings were identified when projects were set in the LTP. Some of the costs had been identified as concrete amounts and others would be worked on throughout the year. There was a net impact on the opex costs as the debt this year ensured the Council did not exceed the rate requirement for the year.
- In relation to getting better value for money, the meeting was advised that opportunities were sought within each project when it got to the design phase.

RESOLUTION CO22/24/6

Moved: Cr Glen Crowther

Seconded: Cr Kevin Schuler

That the Council:

- (a) Agrees to let the report lie on the table until the end of the meeting to allow for decisions to be made on the separate reports included in this agenda.

CARRIED

11.3 Implications of National Land Transport Programme 2024–27 on Transport Programme

Staff Mike Seabourne, Head of Transport
Nic Johansson, General Manager: Infrastructure

Key Points

- Information gleaned from the recent workshops had been included in the report, noting the impact of the new National Land Transport Programme (NLTP), borrowing, the debt limits and what could be accomplished with the local share.
- It was financially imperative to meet the budget target for 2024 with the focus on Year 1 as there were also implications in Years 2 and 3.
- The annual plan process and feedback would be used to give an analysis and to assist with making decisions.
- There was a shortfall of \$160M with a lot of reaction to reprioritise within the programme, to deliver projects and meet the reduced level of contribution to Council.
- As well as the major projects, there were those in the Waka Kotahi space including the small safety projects, with cycling the hardest hit with funding declines in Years 2 and 3. Unless Council was to match the Waka Kotahi funding with their own, projects like these would not be commenced in Years 2 and 3.

- Policy changes were made through a strategic lens. The previous LTP was the starting point and then adjusted, with the table noted in the report giving a sense of those changes.
- Minor improvements subsidy was \$2M less and the large improvements around the CBD bus hubs and the like would also receive \$2M less funding. Network operations received an increase in funding as this was the government's focus and with Tauranga being a trusted partner they had received more.
- There were major projects in construction, including the Tauriko West.
- The implications of the NLTP and what steps needed to be taken now to build the pipeline to get value for money would be carried out when opportunities arose in the future.
- Staff had interpreted the Government Policy Statement (GPS) as a way of prioritising the existing programme. Many of the candidate projects were under the old GPS not the new one so staff wanted to ensure there was sufficient resilience and optimisation projects flowing through.
- Within the chart noted in the report was a renewals programme and capital projects under the maintenance banner of \$90M in 3 years and the development of projects with an arrangement made for \$30M a year.
- If Council was to continue with the planned works, there would be a big drop off in Year 3.
- Appendix 1 was put together to explain the projects where there were some projects stopped in 2025/25 and some spanning several years and noting where the money ran out. Prioritisation was a key discussion as to what should and should not be included in the programme and had been ranked by staff against the GPS.

In response to questions

- The projects were over the 3 years of the LTP with some having started in Y1, others could slide forward and some not done at all. Those projects noted in purple of over \$2M usually took more than a year, with others on the list being done within one year.
- There were principles on how projects should be run and to ensure those that were started did not run out of money. The community told Council about risks in the network and safety items were always on the lists, however the ability to do that now was constrained, so Council needed to either reprioritise or find the money. This would be a balancing act and there were some councils that were using their share money to respond to those types of issues.
- As projects included in the to-do-list progressed to the design phase, the problem would be considered along with what would work to solve the issue. These principles helped with tradeoffs, and while the aim was to meet the required standard with 51% subsidy, it was not the same with other partners.
- Staff needed to ensure all candidate projects were on the list and to run a ruler over it before bringing it back to Council. It was a methodical process that happened regularly.
- The information provided was the first cut and would be adapted prior to the annual plan process. Staff had clearly heard the value for money message and would continue to look at costs.
- In response to how the cuts would impact on the ability to provide housing growth areas over next two years, it was noted that it was a more direct element when paying for infrastructure as there were provisions for that, however there was a need to balance the cash flow and programme management. Wider management of the provision of housing was left to the planners.
- It was noted that the asterisks in the table related to notations or place holders that had not been removed from the spreadsheet.
- In answer to a query as to what was being sought going forward it was noted that this was the start of a two stage conversation, with the second stage being in the annual plan process. This could not be completed until the capital projects conversations had been had as Council was responsible for 42 activities of which transport was one.
- The early anticipation of what could be delivered was included in the report, but there were a range of other activities that would inform the overall annual plan decision making. Decisions should not be made in isolation without understanding the whole annual plan.

- Decisions made by NZTA would determine how much money Council had and the prioritisation process would provide what could be delivered with that funding. Council could choose to allocate additional funding to get different or greater outcomes. This report was starting with how much, whether there was an appetite to put more in or take some out, providing an early indication of that base line and the options for additional projects.
- The Cameron Road Stage 2 business case was being self-funded, with no co-funding from Waka Kotahi at this stage. Council would seek retrospective funding if the business case was approved.
- In response to a query relating to the \$1.7B included in the LTP, the proposed reforecast figure of \$1.748B and the annual plan of \$1.4B it was noted that it was the most ambitious version and highlighted the substantive changes in the LTP. This would continue to change as Council worked the flow through to the annual plan. The workshop on 5 November 2024 was to set high level financial framing to the annual plan and a range of programmes and how they related to the LTP. This would include high level capital project limits by activity to get right mix of community, transport and waters. The figures did not pick up some of the projects such as those in the CBD, but these would be included in the workshop.
- In response to the differentiation between projects in green and red in the report, it was noted that it was a calculation for the next three years and what it looked like over the 10 years of the LTP to provide a better understanding. The information was a snapshot of a point in time as there were a lot of factors and business cases needed before any approvals.
- Concern was expressed that the Hairini Street bus lane was not on the list with the safety risks and the engagement that had taken place with hapū and the community. It was noted that this was an example of the transport funding nationally. There were often programmes where there had been a lot of effort in consultation and then changed leaving a negative impact. The Project, Planning and Monitoring Committee would be kept up to date with the risks, the closing off conversations and a list of what was being progressed on a project by project response.

Discussion points raised

- Consideration needed to be given to the community, while they wanted to engage there were times that they became fatigued. It was requested that there be a high level of certainty of tangible outcomes before consulting rather going out with wishy washy projects.
- Acknowledgement of the staff effort which would provide for some good discussion and was clear that the transport team were competent at identifying issues, showing how vulnerable decisions were made elsewhere and noting the government constraints.
- Receiving the report was not accepting any direction, those decisions would be a separate report and resolution.
- The Bureta Road intersection was also a hot topic that was unlikely to be funded.
- It was suggested the Council listen to the community and fund a consultation engagement process on strategic transport seeking views of the public on what projects they wanted the Council to do.
- There was a need to give the issue a lot more thought as it was going to be difficult, with some genuine life and death issues that needed to be considered when government funding was available.

RESOLUTION CO22/24/7

Moved: Cr Rod Taylor

Seconded: Cr Hautapu Baker

That the Council:

- (a) Receives the report "Implications of National Land Transport Programme 2024–27 on Transport Programme".

CARRIED

11.4 TravelSafe funding

Staff Mike Seabourne, Head of Transport
Karen Hay, Acting Manager: Safety and Sustainability
Nic Johansson, General Manager: Infrastructure

Key Points

- A delivery programme was being held, with staff wanting a steer to understand the priorities.
- The programme was one of the critical points for which the community had successfully engaged with Council.
- Greater outcomes would be achieved by working with all parties to address the targeting of at risk areas.
- The programme was funded by the LTP to train young people on long term changes in behaviour, including learning road rules and the safe use of the roading and cycling networks.
- There had been a significant reduction in incidences across the areas within the programme.
- The proposed reduced programme would still deliver the community's needs but some would have a reduced level of service in the cycling and workplace reductions.
- 3,500 students had been given access to learn better skills and build their confidence so they could travel to and from school safely.

In response to questions

- In response to a query as to why Council would reduce the funding when the programme was so important, it was noted that it was the way safety was managed with Waka Kotahi as a series of activities with items being removed that did not align with the NLTP. The agency had disbanded the road safety unit and it was now a policy role.
- The majority of other councils were using their own share to deliver the programme, or accessing external funding opportunities.
- It was noted that Council already received some external funding support from roading contractors such as Downers and Fulton Hogan. Other funding organisations such as TECT were challenged with the number of requests they received. Council was still able to provide a good level of service at present with the use of the local share.
- It was considered that it was time to review what Council was delivering to ensure it was right and gave value for money. A report would be provided once this had been carried out.
- The level of service was around how Council delivered a safety programme to the right targeted group, through the use of other people.
- School children provided the opportunity for changes in behaviour with regular reports being provided to take stock on how it was tracking.
- There were 37 schools currently participating in the Tauranga and Western Bay of Plenty schools, but with the cut it would reduce to between 30-33 schools. Those participating was based on the highest demand from the school or the surrounding community.
- In response to a question as to how much Council would need to contribute to continue with all 37 schools, it was noted that figure would need to be provided.
- Western Bay of Plenty District Council had confirmed their contribution to the programme.
- In response to a suggestion of a small user pays fee towards the cost of running the programme it was noted that could be a possibility, but many school budgets were constrained. Staff were open to potential options such as a local sponsor for a local school.
- It was noted that all schools were not participating and suggested to target a larger programme rather than just maintaining it.
- The \$65,000 reduction noted was partially salaries and partially other reductions. The program would remain the same size and staff would review what could be carried out in-house and understand the impact of that.
- Very few schools do not participate if given the opportunity. The programme commenced in 2007.

- Six monthly updates would be provided to the Community, Transparency and Engagement Committee.

Discussion points raised

- Councillors noted that it was an important programme that had visible effects of saving lives through the training of children. The government retreating funding was against Section 10 of the Local Government Act 2002 which required Council to provide stability. Dissatisfaction was expressed at the extent of the government seeking to reduce costs noting this was a backward step for the community and it was considered that Council needed to step in on behalf of the community.
- Council needed to look at the social return on the investment and when Council had the capacity it needed to do more so that the level of service remained the same.
- Councillors agreed it was an essential programme and needed to work alongside the government to retain the funding as road safety was crucial.
- The programme had clear outcomes with safety initiatives that were working. The decision put staff under pressure and if there was a reduction in the programme Council would become the messenger and may end up getting blamed.

At 11.38am the meeting adjourned.

At 12.03pm the meeting reconvened.

Additional information

- To provide the "Kids can Ride" programme to the full compliment of 43 schools in Tauranga was \$120,000 of the \$330,000. It would cost \$70,000 to bring it back to the current number of 37 schools, but would mean that funding would need to be taken off another activity.
- It was suggested that the recommendations be accepted and to provide staff with guidance of Council's objectives, so that a proposal could be provided based on those clearly defined objectives.
- The programme was resource intensive with the use of contractors to deliver and added to the overall road safety programme. Staff were always aware of how to make the best use of every dollar.

RESOLUTION CO22/24/8

Moved: Cr Steve Morris

Seconded: Cr Hautapu Baker

That the Council:

- (a) Receives the report "TravelSafe funding".
- (b) Approves the programme noting a reduced level of service.
- (c) Approves a decrease in annual investment from \$667k to \$602K.

CARRIED

11.5 Remuneration fees for external representatives on Council Committees

Staff Coral Hair, Manager: Democracy & Governance Services

Key Points

- Strategic Pay had been used to provide information on the range of fees for external representatives on Council's committees and forums.

In response to questions

- In relation to a query as to whether any benchmarking had been undertaken with other councils it was noted that Strategic Pay was had not been specifically requested to include

benchmarking as part of their methodology and relied on the Cabinet Fees Framework and other data to provide their recommended range of remuneration.

- The recommendation near the top of the range was to cover the four-year term so that Council did not have to revisit the matter within that time. It was also based on the amounts that had been paid for these positions in the past.

Discussion points raised

- Recommendation (b) was amended for the Audit and Risk Committee Chair to change from \$53,000 to \$1,430 per day or \$800 per half day, to a maximum of 30 days per annum.
- The statement made by Strategic Pay indicating a Chair may take up to 40% of the time spent by Councillors, was questioned, and it was suggested that any Chair involvement would be at the lower end of the range.
- It was considered it made more sense to consider the fees on an annual basis rather than set them now for the term.
- It was important to see the benchmarking of similar Councils such as Hamilton and Dunedin before making a decision.

A MOTION WAS PROPOSED BY DEPUTY MAYOR JEN SCOLAR SECONDED BY CR HAUTAPU BAKER

That the Council:

- (a) Receives the report "Remuneration fees for external representatives on Council Committees".
- (b) Approves the remuneration of \$1,430 per day, \$800 per half day, to maximum of 30 days per financial year for the Independent Chair of the Audit and Risk Committee.
- (c) Approves the remuneration of \$8,500 per annum for the Independent Chairperson of the Tangata Whenua/Tauranga City Council Committee.
- (d) Approves the remuneration of \$605 per meeting for the Tangata Whenua representative appointed to the Chairperson or Deputy Chairperson role on the Wastewater Management Review Committee.
- (e) Approves the remuneration of \$435 per meeting for Tangata Whenua members appointed to the Wastewater Management Review Committee.
- (f) Approves the remuneration of \$297 per meeting for the Tangata Whenua members appointed to the Tangata Whenua/Tauranga City Council Committee.
- (g) Approves changes to the Tangata Whenua Remuneration Policy 2021 as follows:
 - (i) Levels of remuneration - section 5.1.2 – a meeting fee set at \$297 will be paid to tangata whenua representatives appointed to all other governance committees, advisory groups with joint tangata whenua and elected member membership.
 - (ii) Te Rangapū Mana Whenua o Tauranga Moana section 5.2.5 – Council will pay a meeting fee of \$297 per individual mandated member (except the chairperson) (one per iwi or hapū) per meeting.
 - (iii) Te Rangapū Mana Whenua o Tauranga Moana section 5.2.6 – The Chairperson will be paid a meeting fee of \$402 in recognition of the extra duties undertaken by the Chairperson.

PROCEDURAL MOTION

RESOLUTION CO22/24/9

Moved: Cr Steve Morris

Seconded: Cr Glen Crowther

That the Council:

- (a) Agrees to let the report lie on table until additional information on benchmarking from other Metro Councils such as Hamilton and Dunedin was obtained.

CARRIED

11.6 Delegations Manual Review

Staff Paul Davidson, Chief Financial Officer

Key Points

- The manual had been updated to reflect changes from Commissioners to Council and some changes to staff titles, with no quantum changes proposed.

In response to questions

- In response to a query as to whether the level of delegations had been benchmarked and how long they had been in place it was noted that some had been reviewed over time and some set in 2014.
- Procurement had been reviewed by the Commisisoners and financial delegations were benchmarked with similar sized councils at the time but were now dated. There was a wide variations of delegation even with those of similar sized councils and it depended on the council what delegations were given.
- Councillors could be provided with the 2014 report to Council which included the information on benchmarking of the delegations. At that time this Council were significantly lower than others and some moved into the average bracket.
- The Chief Executive noted that being given a delegation did not mean that he would exercise it. In the event that he did it was reported to the Audit and Risk Committee. The Chief Executive would not enter into a settlement agreement without seeking authority, unless there was an absolute extraordinary reason to do so. He had not done this in the past and did not envisage doing it in the future and suggested that delegation could be revisited.
- The report sought a delegation resolution which was explicit in the limits for any unbudgeted items, bringing forward of budget items included in the LTP, but not for settlement. All of which were reported to Council through the Audit and Risk Committee.

Discussion points raised

- It was noted that the majority of changes to the manual was from the Commissioners to the Council and the tidying up of different staff positions.
- It was agreed that more time was needed to consider other issues and it was requested that a report be presented to the an Audit and Risk Committee to clarify the financial delegations.

RESOLUTION CO22/24/10

Moved: Deputy Mayor Jen Scoular

Seconded: Cr Rod Taylor

That the Council:

- (a) Receives the report "Delegations Manual Review".
- (b) Amends the staff financial delegations made by Council resolution M14/15.13 on 17 March 2014 (and amended by further resolution) as specified in **Attachment A** to this report.
- (c) Amends the Local Government (Rating) Act 2002 delegations made by Council resolution M14/15.13 on 17 March 2014 (and amended by further resolution) as specified in **Attachment B** to this report.

- (d) Amends the Resource Management Act 1991 delegations made by Council resolution M13/72.7 on 26 November 2013 (and amended by further resolution) as specified in **Attachment C** to this report.
- (e) Requests a further report to Council on changes to the Financial Delegations.

CARRIED

At 12.49pm the meeting adjourned.

At 1.34pm the meeting reconvened.

11.7 Adoption of 2023/24 Annual Report

Staff Paul Davidson, Chief Financial Officer
Sheree Covell, Treasury and Financial Compliance Manager

External Anton Labuschagne, Manager Audit NZ
Leon Pieterse, Director, Audit NZ

Key Points

- The only changes to the report were technical audit points, some tidying up of the document and further clarification of some points .

RESOLUTION CO22/24/11

Moved: Cr Rick Curach
Seconded: Cr Hautapu Baker

That the Council:

- (a) Receives the report "Adoption of 2023/24 Annual Report".

CARRIED

Key Points

- Mr Pieterse noted that the annual report clearly reflected the financial position of Council, it made reference to a lot of items and complied with generally accepted accounting practices.
- The audit opinion was an unqualified opinion and there were no paragraphs referring to anything in the report.

RESOLUTION CO22/24/12

Moved: Cr Rod Taylor
Seconded: Cr Marten Rozeboom

That the Council:

- (b) Receives the Audit NZ report on Tauranga City Council's 2023/24 Annual Report.

CARRIED

RESOLUTION CO22/24/13

Moved: Cr Rod Taylor
Seconded: Cr Marten Rozeboom

That the Council:

- (c) Adopts the audited Tauranga City Council 2023/24 Annual Report pursuant to the provisions of the Local Government Act 2002.

- (d) Authorises the Chief Executive to make any necessary minor numerical, drafting or presentation amendments to the 2023/24 Annual Report prior to final publication.
- (e) Notes the audited 2023/24 Annual Report Summary will be published using summarised material from the approved Annual Report.

CARRIED

11.8 Council-Controlled Organisations' Annual Reports 2023/24

Staff Caroline Lim, CCO Specialist
Gareth Wallis, General Manager: City Development & Partnerships

External Stephen Boyle (CEO) - BOPLASS
Simon Clarke (Chair) and Chad Hooker (CEO), Adam Ellmers (CFO) and Nick Lowe, (Director) - Bay Venues Limited
Rosemary Protheroe (Chair) and Sonya Korohina (Director) - Tauranga Art Gallery Trust
Russ Browne (Chair), Oscar Nathan (General Manager) and Richard Beer - Tourism Bay of Plenty
Te Manawataki o Te Papa Ltd Kim Wallace (Chair), Mike Naude (Director of Civic Development Programme), Helen Andrews (Financial Analyst)

Key Points

- Council considered CCO's to be value for money, costing less and receiving more. They were efficient and transparent in their operations.
- Each CCO would provide an overview of who they were, what they had achieved, the challenges they had faced for the past financial year and the key focus and opportunities for the future.

Stephen Boyle – BOPLASS

- BOPLASS was as a result of collaboration between nine Councils throughout the Bay of Plenty and had a successful year with a number of new initiatives being introduced.
- Advisory groups were set up to identify opportunities and have input into programmes.
- Improved services with a total of 45 joint procurement and other initiatives resulting in \$34M savings and leverage across market for the councils.
- There was an estimated savings to Tauranga City Council of \$895,000 last year and \$8.7M over the past 10 years. Each initiative had ongoing savings attached to them.
- All of the objectives had been achieved in the four programmes. Key was the reduction in youth crime with co-funding to support crime prevention initiatives, including the purchase of CCTV's.
- Solid waste management was a Bay of Plenty/Waikato/Gisborne initiative to provide consistency across the greater region and accurate reporting of waste streams.
- Aerial imagery programming had been increased to six-monthly for Tauranga and was also used extensively during emergency management and flood related events.
- Insurance was a collective approach which had saved the councils over \$18M in premiums since it began, ensuring that the right cover was provided for each asset, especially in relation to the underground services. BOPLASS engaged directly with the underwriters, with all parties having a proactive approach to get the cover that was needed.
- A total of \$3.7M had been saved across the BOPLASS group this year, and additional to that was the reduced resources needed for each of the entities if they were to do it themselves.
- Turnover last year was \$2.46M ending up with a deficit of \$1,000 at the end of the year. The turnover was higher than normal due to the crime prevention programme.

- There would be a focus on regional and cross regional alliance over the next year and alignment with a sustainable future and an adaptable environment. Partnerships had already been developed with the Waikato and Manawatu/Whanganui LASS's for some services.
- Mahi Tahi was the local government portal where projects that were being worked on could be viewed by the 42 councils that had signed up to encourage the sharing resources and information.
- They would continue the centralising of services, simplifying engagement, long term regional and interregional planning and the gaining of financial savings.

In response to questions

- There were a lot of opportunities around shared services where all councils were providing the same service. A list of these would be provided to Councillors.
- In relation to a query regarding the Collab structure, it was noted that it was different to BOPLASS with 50 staff. Western Bay of Plenty District Council had looked at opportunities in Collab and Taupo had withdrawn as they got better value for money with BOPLASS. Some activities required significant investment with only one being available for building services in the Bay of Plenty and was not operational.
- The Board had looked at projects where another LASS was using the same service and worked with them rather than take something over or duplicating it. A number of services were shared with Collab, especially in procurement, as they could take on different projects as they had more staff.
- In answer to a question as to what happened with sustainability initiatives following Covid, it was noted that a lot of work went into those services, but they had not been progressed again as BOPLASS was a small organisation with limited resources.

Bay Venues Limited – Simon Clarke, Chad Hooker, Adam Ellmers, Nick Lowe

Key Points

- There were a lot of experience and ranges of skills within the members sitting at the Board and they along with the Executive were a committed and passionate team that would deliver outcomes for the city.
- A total of 400 staff, two-thirds of which were either part time or casual and for some it was the first point in their careers. The staff were a diverse group with 50% female, 50% non NZ ethnicity, with all being paid a living wage.
- The premises they were responsible for housed a variety of events, sports, fitness and aquatic activities as well as the community centres and halls which had received over 2.2M visitors last year. All facilities were busy and running at capacity at peak times.
- They aimed to provide the best facilities in the Bay and be the Kaitiaki of the network of community facilities connecting people through exceptional experiences.
- They had the community at heart and were financially prudent by seeking opportunities for making revenue to offset the running of venues.
- Highlights for the year included the growing demand, the diversity and inclusion initiatives that they ran including swimming lessons in a number of languages, and supporting significant events.
- They would continue formalising relationships with mana whenua and were seeking ways to deal with the anti social behaviour experienced at some locations.
- Challenges included the capacity of the facilities and the economic conditions - Survive till '25 applied to Bay Venues. Offsetting the cost of running facilities, noting what was and was not funded. A small profit had been gained on non-funded activities, but as they did not want to be seen to be competing with local businesses so were limited to what they could do. \$1.8M of the costs were to non-funded business resulting in savings to ratepayers.
- Fresh information was to develop and assess the benefits to cost ratio, increase digital technology as a tool to ensure that they were getting good value for money. They were still assessing how useful that was as a tool.
- Challenges going forward included the age of some of the facilities, venue capacity, economic conditions, having a strong focus on cost management, targeting the right sizing, to deliver all

services safely and effectively and to continue to look for revenue opportunities. A partnership had recently been signed with the University of Waikato with some naming of events and centres.

- Projects included the addition of the 483 Cameron Road sport and recreation centre which would provide a lot of opportunities.
- The city was desperately short of aquatic space with each of the facilities filled to over capacity for structured sport and leisure time use.
- Working with Council to achieve the extension of the netball court space at Baypark, the high performance expansion for Adams Centre at Blake Park and possibly the development of the neighbouring land.
- Keen to work with Council, other CCO's and user groups to deliver the best facilities in the most cost effectively way they could.

In response to questions

- In response to a query as to what activities they could collaborate with Council leveraging in elements, such as shared services in IT and the like, it was noted that at the end of 2021 the relationship with the Board, Executive and Council was at a low point and needed to be rebuilt at the people level. This had been successful and included Gareth Wallis being appointed to the Board as a critical linkage with Council, and allowed opportunities to collaborate and some had been worked through. IT provided some services, but it had got a bit hard with the financial services and Bay Venues decided to go their own way. There were areas that overlapped, such as events where there was some greyness as to who was operating what and where. Bay Venues would like to provide more services to Council such as catering.
- Bay Venues was happy to collaborate with items like the electronic notice boards at Baypark which could also be used by the other CCO's. Gareth Wallis always looked for opportunities to come together with shared services and as a default always looked to get efficiencies.
- Last year an extensive exercise was undertaken to look at user fees and charges in a low inflation environment with more activities to offset costs. It was important to get the right balance of how much could be gained from user pays so a benchmarking exercise was undertaken for all activities noting what was being charged in other metro cities. While there was some push back from users, they were able to work with them to phase the increases in over a 12 month period.
- A separate report would be provided to Council on the Mount Hot Pools, including the range of hours.
- In relation to the finances, a query was raised regarding payment of \$1M in consultancies showing it was noted that a lot of the costs included the Board and administration. Bay Venues did not hire consultants, that was done in conjunction with the Council.
- In relation to the economic climate and people not spending as much, where they may go to Baywave instead of the hotpools, not using the hydroslide and the like, it was noted that they managed those costs to reach the budget and reported back to Council. Revenue was up 9%, but there were also additional costs to run the older facilities so any new venues should have lower operational costs.
- The financial perspective had evolved over the years and the organisation was currently in the best position it had ever been in. They had a strong financial team and were able to deliver their services in an effective and efficient way.
- In response to what was break even it was advised that it was \$5M as they were trying to get on top of the depreciation and operating costs. The Council grant went to that part of the operation and they were tasked to get the operating budget as close to break even as they could. This excluded funding debt depreciation but did include non funding debt depreciation.
- Council provided \$20M with the debt servicing, \$5M of which was an operation grant, \$1.3M was debt servicing and a renewal grant.
- Directors fees were set by Council. Bay Venues had adopted a living wage for most positions to keep in step with Council. Some casual staff, especially those that were just out of school were not paid to this level. The amount was relative compared to what others were earning and to how this sat in other similar entities around the country.

- Benchmarking was a fair exercise with user charges, but it was a challenge to get to where they did with user fees as the feedback from other local recreation facilities needed to be managed, so that no matter which sport was being played there was equity in place.
- In relation to consultancy fees and holiday pay remediation, it was noted that managing compliance with the Holidays Act had been identified as a possible issue. An ongoing process was being undertaken to understand whether there was an issue and to update systems to ensure they were paying the right amount. The next step was to remediate this to ensure it was done correctly. The issue had been raised with Council, but they were unsure where it was currently at.

Tauranga Art Gallery – Rosemary Protheroe, Sonya Korohina

Key Points

- It was the wish of the Art Gallery Trust to work in a collaborative partnership with Council.
- A bequest of \$1.5M in 1998 established the group as a charitable trust for a variety of art activities for the city.
- Since 2007 there had been 1M visitors and 100,000 children undertaking the Gallery's educational programmes.
- Diverse group of Trustees with diverse experience led by Gallery Director Sonya Korohina and the Executive Team.
- Last year was unusual moving out of the gallery and relocating to a small pop up gallery. They were now focusing on the reopening programme.
- Staff numbers were presently 6.5 FTE's but this would increase when the upgraded premises opened.
- The Trust had revised the vision to give all the opportunity for lifelong experiences with art and had created six priorities to guide the operations.
- Turnover for the year was \$2M with a 75% operational grant from Council and the balance from other donors. They expect to increase revenue through a number of avenues with the upgraded facilities.
- The Gallery provided value for money which also allowed them to apply for other funding partnerships.
- Construction on the redevelopment was funded with Council covering 50% of the cost and the Gallery and others the balance. It would be completed to a standard to ensure the Gallery continued to meet international standards and were able to loan major art items.
- Ex-Deputy Mayor Brownless and Mayor Genge were acknowledged for their support for the partnership between Council and the Gallery.
- There were recently 112 LTP submissions supporting the Art Gallery noting that these expressed the diverse needs of the community, to be able to hold a number of events and to meet the financial and KPI's. There had been a recent mobile artwork "Terminus" that had finished a four year, five venue tour at Otago Museum. There had been 100,000 views on one artist's talk in one year.
- Bay Venues had assisted the Gallery to develop a strategy for visitors.
- They had retained key staff and had grown the number of corporate donors.
- Children started a lifelong relationship with art at pre-school, so the Gallery worked to align with the education curriculum receiving contributions from the Ministry of Education.
- In 2016 research was undertaken to develop Tauranga as a magnet to a creative city.
- The Gallery was always in an active development mode, as it took 2-3 years to develop an exhibiton. All shows would be supported by an audio guide in English and Te Reo with the digital resources provided with a grant from Lotteries funding.
- Storing the art collection was possible with funding to fit out premises within the city centre. This would be launched in mid-2025.
- With the recent cost of living crisis, fundraising was hard and the Council contribution was valued.

In response to questions

- There would be 15 Fte's when the gallery reopened. The first exhibition would be a teaser of artists with a signature show in the atrium Whaharoa, as the realities of the carving would create a wow factor.
- A recent self funded trip to Sydney of 15 Friends of Gallery was a group from a variety of ages and backgrounds. It was also about building relationships and an opportunity for fundraising as the first group who went sponsored an exhibition.
- A strategy was being developed so that there was no duplication within each space in the precinct. While there was no official Memorandum of Understanding, the Gallery was working closely with the Musuem, Library and Baycourt on what each others programming looked like and think about what audiences and visitors were being offered.
- In response to whether the increase in FTE's had implications for the Council's grant and the role of the Museum Director, it was noted that when they opened, costs had been forecasted for scaling the operational to fit within the grant and they were working more closely with colleagues looking for opportunities and to have conversations. Each entity already met and worked informally together with education programmes with school groups visiting the library and Art Gallery when coming to the city centre.
- It was noted that it was early days for the precinct, there were opportunities for shared staff and to avoid duplication with positions such as one marketing manager for the museum and the library and include working with the Art Gallery and Tourism BOP.

Tourism Bay of Plenty – Russ Brown, Oscar Nathan, Richard Beer**Key Points**

- They were one of 30 regional tourism agencies nationally which included contributions from Tauranga City Council at 87%, Western Bay of Plenty District Council at 10% and Whakatāne District Council paying 3% to make it a bigger coastal regional space.
- The Board Members and staff were experienced with a team 15-16 FTEs and two additional staff in the summer months. The living wage was supported and they had little turnover of staff.
- The purpose was the delivery of services and to grow the visitor economy and to attract people to the area.
- The Destination Management Plan included four pillars of oceans and beaches, natural environment, Māori culture, and horticulture provenence, which "are in our DNA".
- They attended a lot of trade shows, hosting visitors and travel agents, working with other regional partners, running information and visitor Isites and operated in the port where 93 ships were expected to visit this season.
- Much of the promotion was digital, they supported the Council's events team and leveraged opportunities when people were visiting the area. They contributed to magazine articles, worked with public relations and media to promote good news stories to the world, operated social channels and created maps for Downtown Tauranga and the Mount groups which were updated as required.
- 65% of the visitors were from cruise ships who wanted to get out and about doing things.
- A cycle trails brochure with maps had been created and while some were printed and provided to the retail cycle shops to distribute, most were digital.
- Preparatory work was carried out with local ambassadors, Main Street and other groups as well as working with the Port prior to the summer season starting.
- Looking at a place brand for the region to see it moving from a spot on the map to become a magnet that people had to come to. As this was a four-year council, it provided an opportunity to look at "why is it" and "what is it" that was so special and to craft an identity to define what it was all about.
- They had achieved 9 out of 10 of their KPI's and were proud of their achievements, especially the Green Room regenerenerative environmental programme with 100 businesses participating from Waihi Beach to Whakatāne. This year they would be targeting 30 businesses within Te Manawataki o Te Papa.

- In order to win bids for business events it was important to get more commercial accommodation in the city.
- They did not achieve in the Flavours of Plenty in that they had set a target of 20% out of region ticket sales, although there was some locals who brought tickets for their visitors. They were considering changing that target.
- They were winners of the Best Lifestyle Event and Best Local Government Event for 2023 and were finalists with two more awards this year.
- Visitor expenditure was \$726M which was a 1% increase on the year before. The domestic market was showing signs of weakness with the current cost of living making an impact. The international visitors were up from 15% to 19%. The spend was made up of a broad spectrum of spends with the biggest being in retail.
- Tourism BOP was doing things more efficiently and looking for external partnerships. Other Tourism groups including Taupo, Queenstown and Rotorua received more funding from their councils. The amount for Tauranga was equal to \$10 per ratepayer, with a return of \$291 for every \$1 spent.
- Iwi lea partnerships, they were working with Ngāti Hangarau with the Te Rere o Omanawa experience alongside Council and Western Bay of Plenty District Council to wrap this as an awesome experience of a natural icon in the region.
- Tauranga had the highest number of cruise ships than the other areas. A recent survey result noted that 85% of residents in the Mount, Tauranga and wider Bay area either supported or strongly supported the cruise ship visits.
- The Waka, which was a covered area at the Viaduct during the Americas Cup, was stored in nine containers with Ngā Potiki at Pāpāmoa. It was made of the same material as the cloud at the Viaduct and could be erected at the Port for \$2.5m. It could be used to create an area at Coronation Park for cruise passengers and a shared facility for all sorts of activities to take place including arts and crafts.
- Working hard on an innovative item to future proof with digital kiosks telling cultural stories and destination information, they were also able to be used for safety by pushing out emergency messaging when needed and were working with BOP Emergency Services.

In response to questions

- Tourism BOP worked collaboratively with officers in other areas as there were two options the Pacific Coast Highway or the Explorer Highway. Tourism NZ advertised the country off-shore as they could not afford to do that.
- While people saw the "Flavours of Plenty" as a ten day festival, it also included connecting growers to providers and restaurants. Time was spent with niche growers of foods like truffles and working with operators to conduct foodie tours. They were now looking at Matariki Kai and making it a family occasion, but noted that they needed to work smarter in that space.
- In relation to a query was to what was occurring in the sustainable inter-regional tourism economy it was noted that the key challenge mantra was what was good for the community was good for tourism. Most of the tourism was international from the cruise ships from October to April, and they wanted to work with operators in the low season and create resilience in case another border closure may occur. They would also align with what the community was doing and regional travel opportunities with key markets being the Waikato, Auckland and the wider Bay of Plenty, followed by the international market.
- Hotel and large accommodation was lacking in the city, and because of that there were no big city events. If there were more rooms, Tauranga could become a central convention centre and businesses could plan events around it with attractions and activities, both indoor and outdoors. Air BnB's provided the most accommodation, then holiday parks followed by motels and hotels.
- The Hamilton Regional Tourism Organisation was funded from six councils. Mr Nathan was unsure of the amount of support they received but would notify Councillors of the amount.

Te Manawataki o Te Papa Ltd – Kim Wallace, Mike Naude, Helen Andrews**Key Points**

- Ms Wallace noted the experience that each Board Member had in managing large construction projects, noting it was more difficult with public funded projects.
- Ms Wallace gave confidence and assurance of the delivery of the projects within the approved Council scope, time and budget.
- The Board had a big focus on safety engagement reporting at every board meeting and this was followed by a visit to a different site each month.
- The Board worked within accepted procurement principles and practices, looking at tangible items, following methodology and carrying out early procurement for high risk and long lead items to ensure projects did not incur delays. Quantity surveyors were tasked to get the best price and they looked closely at all risk exposure as stewards on behalf of Council.
- The Team had worked hard to strengthen building consent applications to ensure they were of a much higher standard before being submitted, also reducing the consenting risk.
- Delivering projects to pass on to other CCO's as totally fit for purpose.
- A strong relationship had been developed with Willis Bond to ensure that they got value from the other development partners.
- The Council grant of \$779,000 for the year included Board fees of \$272,000 and Consultant costs of \$366,000.
- Of the fifteen performance measures, thirteen had been achieved.
- Not measured were the safety totals as the Board does not measure these, they were measured by the Consultants. The Board went directly to the project managers to get assurances that each site was monitoring, recording and reporting all safety issues.
- Did not achieve two budget costs which were the Dive Crescent carpark and the Spring Street carpark seismic upgrade due to major scope changes to both of these projects. Spring Street carpark was not actually overseen by the Board and Dive Crescent was already in the implementation phase when the Board was established. In contrast to these both the Tunks Reserve and Beacon Wharf projects were delivered under budget.
- Looking forward included the opening of Masonic Park, the underpass and boardwalk which although they had happened would all be included in the next annual report. The Strand Reserve, seawall and playground would be opened before Christmas.
- The CWEM (Civic Whare, Exhibition and Museum Centre) contract was about to be awarded, the Art Gallery design was nearing completion and the Library and Community Hub building was now above ground level. The waterfront design was also on track. The Board would continue to deliver value for money as the number one focus going forward.
- The vesting of Lot 45 into Te Manawataki o Te Papa Ltd was an historically significant event and a highlight for the Board.
- Sufficient funding had been included in the LTP to complete the projects.
- While the projects were not without risk, the Board was focusing on these on behalf of Council to ensure they were delivered on time and on budget with a focus on a positive safety culture throughout, despite the complex building consent processes and higher construction costs.
- The Board looked forward to working with Council as they progressed through the projects.

In response to questions

- In response to a query as to the scope changes, it was noted that the Spring Street carpark required a full seismic upgrade with the existing building designers and consultants to complete designs. Often when in the implementation phase unknown problems arose and in this case extensive additional strengthening needed to be undertaken within the walls to ensure its integrity, costing an additional \$2.4M on the \$12M project.
- The Dive Crescent carpark started as a Stage 1 project of a basic carpark, however as it progressed a number of design complexities came to light including it being a contaminated site. Instead of digging into the face it was built up at additional cost and a boundary fence installed. The demand on city carparking brought Stage 2 forward, which was the demolition of the Fixation Coffee premises, resulting in a large scope change.

- In relation to a comment regarding the amount of contingencies set aside for each of the projects, it was noted that the Site A group of projects were at all different design phases. Advice from quantity surveyers RBL as to how much should be held was 15% at the preliminary stage of the design and as the construction commenced it could be reduced to between 5-10% depending on the nature of the build and the inherent risk of each site. Once the CWEM tenders were received they would get more certainty and hope to be able to reduce the amount of contingency.
- All of the greenfield projects had been built on the land. 483 Cameron Road cost overrun was due to the purchase of the building, which they knew was on the light side. There were a number of decisions and judgements that had to be applied at the time of the costings and how much contingency may be needed due to the change in the use, the seismic strengthening and consenting process. The team actively try to reduce delays so that they did not get into any extension of time clause.
- The procurement of aquatic services had moved to the design detail for preferred contractor as a proposed procurement model and would be discussed in the public excluded section of the meeting. Novated contracts from one provider to another with the construction and implementation revised.
- In response to a query as to what the benefit of selecting a contractor was rather than going to open market with a specific requirement, it was noted that the CWEM design had been completed and had gone to tender, with the best tender received being selected based on non price and price attributes. The pre-procurement work had been carried out in 2018 when Council had signed a partnership agreement.
- In relation to the Aquatic Centre, the facility was to be a design and build NZS3016 and then tendered in the open market. Submissions had been received and evaluated resulting in a change of contractor that was still within the original tender process. Council held a pen on the design as clients sat around the table with all key stakeholders and the design completed. The early involvement of Apollo as the contractor was to ensure that when they go to the detailed design they were part of the co-ordinated specification design scope. As soon as they get to the final design and build all contractors would be novated to Apollo and managed by them. The Team were managing the project with Apollo. The project had been put on hold, but when they get to the design feasibility report with full plans and specifications, this would be presented to Council again and be advised what was included in the tender price submitted.
- In December 2023 the concept design was provided for the Memorial Park recreation centre which included both indoor and outdoor facilities at an estimate of \$185M, then the Warehouse building came up for sale and Council looked at it to develop four additional indoor courts. The cost for the courts at the Warehouse meant the cost of the Memorial Park Aquatic Centre was brought back to \$123.4M.
- The Warehouse property worked through a shortened due diligence process as there was only enough time for initial seismic assessment (ISA), by looking through the plans and design and a site visit. It was always understood that a detailed seismic assessment would be required and Council made the decision based on the ISA and included an allowance for a detailed assessment. The building was suitable, but the carpark basement needed to be strengthened and the budget was insufficient to cover the additional amount.
- Based on the quality of advice and guidance from RBL, the Board was continually assessing and working out whether the advice was correct and they could place reliance on it. The Board noted that to renovate an existing building they needed to ensure there were sufficient contingencies in place as there were always unknowns.
- To date the draw down on the Library and Community Hub was \$300,000 on an \$8M contingency which reflected the high standard of the designs. Provisional sums were needed and the team worked hard to reduce those and manage the contingency.
- Ms Wallace noted that it was made clear to be transparent with the CWEM at a \$12M contingency and escalation allowance.
- The original budget for the Dive Crescent carpark was \$1.45M, but with stage 2 the total spend was \$5M.

- In relation to a query regarding the budget for Masonic Park, it was noted that the amount was \$9.2M and while the final costings had not yet been completed, it would be close to or under budget, not over.
- There were two rail crossings to be installed at a cost of \$8M with \$4M being sourced from the Te Manawataki o Te Papa suite of projects as they lined up with the Wharf Street and Masonic Park. The Central Plaza budget of \$9M included the other \$4M for rail crossings and \$1.8M for The Strand upgrade. \$9M budget for the new Central Wharf to line up with Wharf Street and the old Coronation Wharf. All of the projects were within budget.
- Willis Bond and LT McGuinness contracts covered all of Site A and all others outside that would go through a procurement process with the Team managing the projects.
- Tendering was a two sealed envelope process, one for non-price attributes which was opened first and was subject to an external evaluation with a recommendation before the price envelope was opened. A strict formula was followed with the Team checking the companies register and references from previous clients to ensure the firm could deliver. Also taken into account was the list of trades that were local and those from out of town. A debrief of the process could be provided to Councillors at some stage in the future.

Te Manawataki o Te Papa Charitable Trust

- Mayor Drysdale noted that he was a Member and reiterated that the Council gifting land back to the Otamataha Trust was a significant moment in the history of Tauranga for a \$1 peppercorn lease. The significance was so much bigger than the \$1 paid.

RESOLUTION CO22/24/14

Moved: Cr Rod Taylor

Seconded: Cr Glen Crowther

That the Council:

- (a) Receives the report "Council-Controlled Organisations' Annual Reports 2023/24".
- (b) Receives Bay of Plenty Local Authority Shared Services Limited's final audited annual report on its performance for the year to 30 June 2024 (Attachment 1).
- (c) Receives Bay Venues Limited's final audited annual report on its performance for the year to 30 June 2024 (Attachment 2).
- (d) Receives Tauranga Art Gallery Trust's draft unaudited annual report on its performance for the year to 30 June 2024 (Attachment 3).
- (e) Receives Tourism Bay of Plenty's draft unaudited annual report on its performance for the year to 30 June 2024, noting that it will also be provided to Western Bay of Plenty District Council as joint shareholder at their meeting on 12 December 2024 (Attachment 4).
- (f) Receives Te Manawataki o Te Papa Limited's draft unaudited annual report on its performance for the year to 30 June 2024 (Attachment 5).
- (g) Receives Te Manawataki o Te Papa Charitable Trust's draft unaudited annual report on its performance for the year to 30 June 2024 (Attachment 6).

CARRIED

Attachments

- 1 Presentation - Item 11.8 - CCO's collated annual report pdf

At 4.47pm the meeting adjourned and Deputy Mayor Jen Scoular left the meeting.

At 5.05pm the meeting reconvened.

11.9 Memorial Park Aquatic Centre Update

Staff Mike Naude, Director of Civic Development
Alison Law, Manager Spaces and Places
Ross Hudson, Manager: Strategic Planning and Partnerships
Barbara Dempsey, General Manager: Community Services

Key Points

- The project had been included in last 3 LTP's from 2018 to 2024, with work originally commencing in 2016. The concept design was completed and approved in December 2023, and included a hydroslide and outdoor facility at a total estimated budget of \$123.4M at time of the concept design and extended to \$124M, with the deferral and the project being pushed out to completion 2029.
- The proposal had been halted on 8 September 2024 to allow Council to review the scope and wider capital works programme. The Geotech design to include 25m piles had been redesigned to a raft system, resulting in the revised cost of \$99-\$105M.
- \$2.65M had been expended to date to get to the concept design stage, and with the preliminary design it would increase to \$4M. A further \$2.2M was required to complete to a design feasibility report stage and to allow it to proceed to a design and build contract. For the delivery of an indoor facility now and an outdoor facility to be delivered as Stage 2.
- The facility had been spoken about for some time with targeted engagement being undertaken over a number of years with user group forums meeting three times since July 2023. The engagement had covered a lot of people, including mana whenua, to agree on a wider Memorial Park concept. They had also met with the disabled community and continue to work with them throughout the design stages.
- The project goes beyond Council's current level of service, understanding the aquatic needs of community and the diversity of space provision for the separate groups. There was currently a disconnect with the demand for aquatics leisure time use to what the network was currently providing.
- A major multi-use aquatic centre beside the harbour on council owned land was much simpler from a consenting perspective.
- A community survey was currently being carried out to receive feedback and if the process was to proceed it was requested to authorise expenditure of \$2.2M to get to it to the design feasibility report stage and then proceed to the delivery of the proposed facility or something similar in another format.

In response to questions

- Currently there was \$1.2M in the budget of which \$988,000 had been spent. Any change to that would need to be found from other projects. The additional requirement of \$2M this year was due to the rephrasing of the project.
- It was noted that there was no specific question on the aquatic centre in the residents questionnaire so there were only general responses. It was noted that it would be helpful to have that information. The user group meetings which included Sport BOP and Bay Venues Limited had minutes recorded. All were keen to see the results of the survey currently being carried out and to talk with user groups.
- In relation to a discussion on establishing a 50m pool in the centre of the city, it was noted that Council had not spent time analysing where it would go. The site at Memorial Park was not suitable for a larger pool, but options could include Wairākei or Tauriko West. There was also potential for Baywave to be extended as it was built with that extension in mind. Any 50m pool delivered in Tauranga would need to account for the wider catchment as a sub-regional facility so it was important that it be sited for easy access.
- In answer to a query regarding the \$2.2M required, the meeting was advised that as the design stages moved through, the project continued to develop from what was wanted to being designed into a concept to get sign off. Consultation continued to a detailed concept design and then a preliminary design which included much more detail of mechanical plant and

equipment, tanks, filtration, air conditioning, the foundations and the like. The developed design was then recosted to determine if it could be delivered within budget, and this was followed by a more detailed design which included every item from tiles on wall, plumbing to floor finishes. This process was still two steps away, with the need to ensure all aspects were compatible. If the detailed design work was not carried out, there was a risk for the contractor not knowing the detail of what they were delivering, it also provided that certainty to proceed.

- It was noted that the survey questions would be provided to Councillors.
- It would take Baywave up to three years to be able to extend the 25m pool to a 50m pool. Mr Hooker advised that no detailed work had been carried out on extending Baywave and he considered that the city needed at least 1 or 2 more 25m pools before that was considered as they needed aquatic facilities to fill a wide range of activities and there were already missed opportunities for using space. 70% of the users were not those swimming lengths and while a 50m pool would be good there were more pressing needs to satisfy leisure swimming, hydrotherapy and learn to swim programmes which would satisfy the community much better. Swim NZ had indicated that they did not need anymore 50m pools, therefore two 25m pools would give the most benefits and outcomes for the budget.
- There were challenges with the Greerton and Otūmoetai pools and any option to create a 50m pool at one of those facilities would cost a lot more.
- The Council had commenced network planning for aquatics in 2018 with a community facilities needs assessment which looked at a number of things and had now turned into an aquatics network plan.
- In answer to a query as to what was needed by 2034, it was noted that there was currently a gap in the network and Council was playing catchup with the growth of the city. Community pools were needed in the growing city to meet the needs of residents with good neighbourhood pools on both sides of the bridge and maybe at Tauriko later on.

Discussion points raised

- Summaries of community feedback which were closing on 8 November 2024 were requested along with how much had been collected in development contributions.

RESOLUTION CO22/24/15

Moved: Mayor Mahé Drysdale

Seconded: Cr Glen Crowther

That the Council:

- (a) Receives the report "Memorial Park Aquatic Centre Update" to lie on table and relook at it again on 12 November 2024 when updated information was to hand.

CARRIED

12 DISCUSSION OF LATE ITEMS

Nil

13 PUBLIC EXCLUDED SESSION

Resolution to exclude the public

RESOLUTION CO22/24/16

Moved: Cr Marten Rozeboom

Seconded: Cr Kevin Schuler

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
<p>13.1 - Public Excluded minutes of the Council meeting held on 26 August 2024</p>	<p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(c)(ii) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest</p> <p>s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege</p> <p>s7(2)(h) - The withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>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)</p>	<p>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</p>
<p>13.2 - Public Excluded minutes of the Council meeting held on 16 September 2024</p>	<p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(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</p> <p>s7(2)(h) - The withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>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)</p>	<p>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</p>
<p>13.3 - 483 Cameron Road - Sports Courts Refurbishment Project Funding Update</p>	<p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p>	<p>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</p>

<p>13.4 - Memorial Park Aquatic Centre Updated Business Case</p>	<p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(h) - The withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>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)</p>	<p>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</p>
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CARRIED

11 BUSINESS (continued)

11.2 Reforecasting 2024-25 Capital Programme Budget (continued)

Refer to tabled document noting changes in the budget attached to the minutes.

In response to questions

- The items in red noted that they had increased in the budget and the items to be deferred from 2025 to 2026.
- The impact of the changes would be provided each year with Council being given the opportunity to decide which items were to be included in that budget and which were to be deferred to future years.
- In response to a query as to whether the \$16M of projects would still be included in the budget and the increase accepted, it was noted that this would take Council close to the limit of 275% and would place more pressure on the balance sheet.
- The project completion rate was normally at 80%, but there had been a capacity built in to the council over the last few years to increase delivery. It was now expected to be higher than 80% with the multi-year projects which put pressure on the debt to revenue covenants.
- Information on the Local Government Funding Agency (LGFA) would be provided in a few weeks as the indications were that the LGFA Board was focused on growth councils potentially increasing bespoke covenants to 300-350% of debt to revenue ratio, but this had not been confirmed in writing.
- In relation to the opex being brought down by \$3M in paragraph 20 of the report and whether there was another process to make savings, it was noted that \$4.1M was interest with \$4.6M overall but this had not been identified as a line item and had not been extracted out. The annual plan was a three tier approach based on the capital programme and moving forward with the budget, the operating expenditure was around efficiencies so it was difficult to get large savings as it had consequences for the levels of service.

Discussion points raised:

- Councillors requested an excel copy of some of the spreadsheets provided.
- Staff were thanked for their work noting that a lot of decisions were made outside the control of the current Council but was impacting on them.
- It was agreed it was a challenging financial position and they needed to be cognisant of the money spent and have faith in the experience of the staff to guide Council through. While this was asking a lot, it was considered that the Council could make decisions and continue to deliver for the people.

- Some concern was noted on the items that were out of the control of Council such as natural hazard and negotiations for legal issues that put pressure on the budgets.

RESOLUTION CO22/24/17

Moved: Cr Glen Crowther

Seconded: Cr Rick Curach

- (a) Receives the report "Reforecasting 2024-25 Capital Programme Budget".
- (b) Agrees to the revised reforecast capital budget of \$503m and the deferral of \$88m of projects to be considered for prioritisation as part of the 2025/26 Annual Plan process.

Specific Budget Approval

- (c) Agree to the following requests for additional budget totalling \$6.5m on projects undertaken in 2024/25:
 - (i) increase of the budget for Johnson Reserve wastewater renewal by \$1.1m in 2024/25 and an additional \$0.4m in 2025/26, noting this additional expenditure would be offset by a reduction in the general wastewater reticulation renewals budget.
 - (ii) Increase of the budget for widening a section of the Otumoetai/Matua Cycle path of \$267k to complete the project.
 - (iii) Bring forward budget from 2030 of the LTP of \$200k to plan for future expansion at Baypark Arena.
 - (iv) Note the \$400k budget overspend on development of the carpark at Devonport Road should be offset by reduction in city centre greenspace budget.
 - (v) Bring forward of \$2.75m for City Centre Transport Hub from 2027.
 - (vi) Additional budget of \$475k for water fluoride implementation above that budgeted, offset by an increase in budgeted subsidy revenue.
 - (vii) Approve additional budget of \$1.25m in 2024/25 for reworking Cameron Road Stage 2 Business Case noting that this will be offset by a reduction in future years Cameron Road Budget.

Decisions included in separate reports.

- (d) Notes an additional \$1.5m provision is included in the reforecast budget for additional seismic works at Cameron Road Indoor Courts development which is the subject of a separate report to this meeting.
- (e) Notes the reforecast budget does not include additional digital project budget that is the subject of a separate report to the November Council meeting for consideration of options.
- (f) Notes that because of budget deferrals the value of capital expenditure in 2025/26 currently sits at \$765m. This level of capital expenditure would breach current borrowing limits taking debt to revenue ratio to 320% in 2026. The capital programme and target debt to revenue ratio will be considered as part of the annual planning process.

Operational Reforecasts

- (g) Interest costs in 2024/25 are reforecast down \$4.1m for the year because of lower interest rates, and revised debt levels driven by timing of the capital programme.
- (h) Agrees that further reforecasting of operational budgets for 2024/25 has identified options to meet the budgeted savings requirement of \$4.6m.

CARRIED

Attachments

- 1 Tabled Document - Project budget changes between Council Workshop (9 Oct) and Council Meeting (29 Oct)

14 CLOSING KARAKIA

Cr Hautapu Baker closed the meeting with a karakia.

The meeting closed at 6.52pm.

The minutes of this meeting were confirmed as a true and correct record at the Ordinary Council meeting held on 9 December 2024.

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Mayor Mahé Drysdale
CHAIRPERSON