



AGENDA

City Delivery Committee Workshop Prioritisation Framework

Thursday, 11 September 2025

I hereby give notice that a City Delivery Committee Workshop will be held on:

Date: Thursday, 11 September 2025

Time: 10:00 AM

Location: Tauranga City Council
L 1 90 Devonport 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.

Marty Grenfell
Chief Executive

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1 BUSINESS

1.1 City Delivery Committee Workshop - Prioritisation Framework

File Number: A18796310

Author: Caroline Irvin, Governance Advisor

Authoriser: Jeremy Boase, Head of Strategy, Governance & Climate Resilience

Presenter(s): James Woodward, Manager: Performance, Monitoring & Assurance
Kathryn Sharplin, Acting COFO - Finance & Digital

Workshop information

Purpose of workshop

1. To frame up the financial envelopes of the Annual Plan and the Long Term Plan and how to approach the prioritisation of a capital programme against strategic objectives.

Attachments

1. **Prioritisation Framework Presentation - A18802849** [↓](#) 
2. **Big Rocks Presentation - A18803331** [↓](#) 

Financial Framing and Future Project Prioritisation



Briefing Pack for EM's
11 September 2025



Financial Framing

What is the capital expenditure envelope for AP year and the ten years of an LTP?

The envelope is based on a relationship between capital programme, debt and rates and other revenue.

Additional external revenues such as subsidies or capital contributions provide more capacity to deliver but will still drive additional rates costs over time for the full amount of the assets created



Debt capacity, funding and revenue relationships

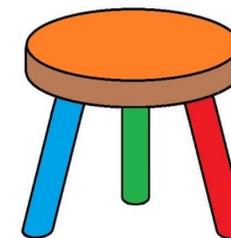
\$300-\$310m average capex per annum on rest of council

Based on \$180-\$190 average capex per annum for waters

Maximum capital for 2026/27 \$480 - \$500m

Based on rates at 12% next year and 9% thereafter

Assuming on \$30-35m pa of capex subsidy



Note the LTP had higher capital subsidy assumptions which allowed more capital

If more subsidy or contributions arise, more capital can be delivered



Lower rates scenario than LTP reduces capital capacity

If **rates increase** per annum ongoing was **7.5%** for the remaining council (excluding waters)

Capex (excluding waters) would need to be lower at around **\$280 per annum**

Note **envelopes are indicative only.**

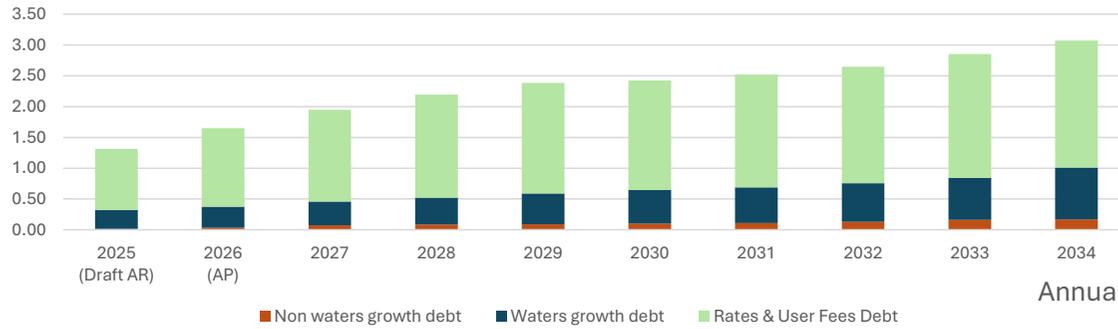
The envelope is influenced by funding and timing of spend across the organization.

As specific additional revenue is added there would be more capacity for capex (however slow growth will mean debt is higher)

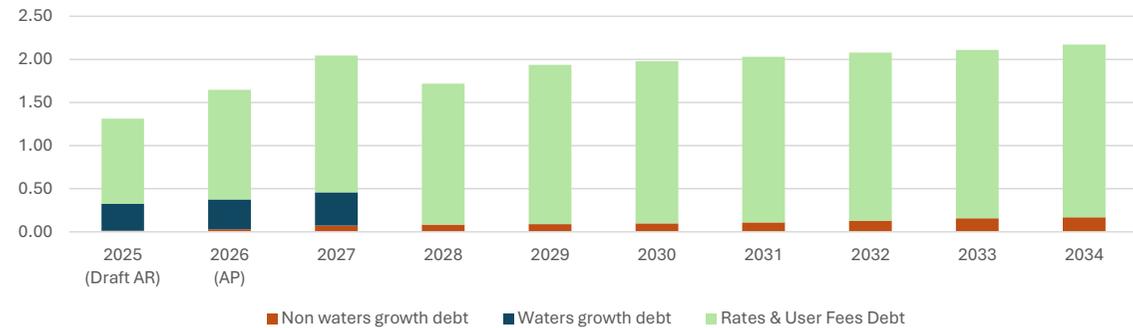


Growth Debt

Annual debt profile showing growth debt
Inc waters (\$bn)



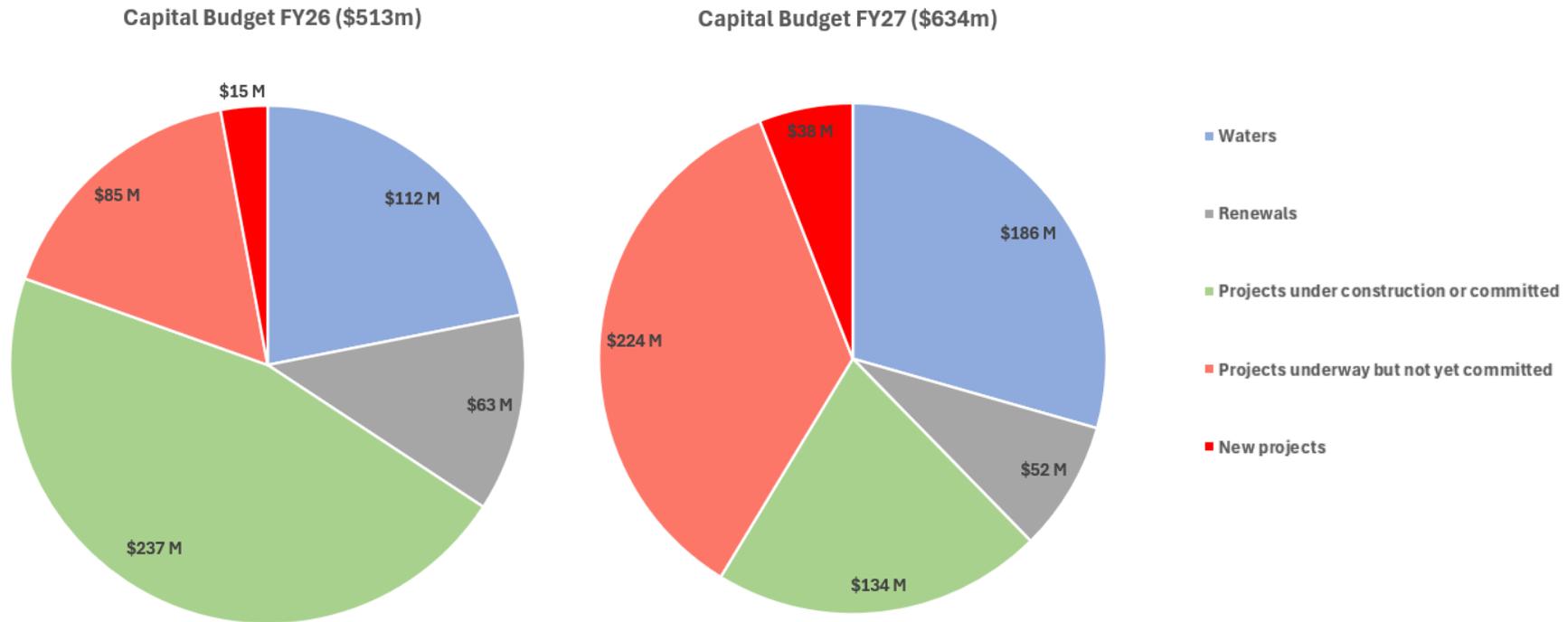
Annual debt profile showing growth debt
Excl waters (\$bn)



Indicative growth debt
Based on funding assumptions in corporate planning system
which will be revised during AP27



Committed vs Not Committed Projects



Excludes land sales, vested assets and BV-funded new capital; includes operational projects of a capital nature.
Includes proposed carry forwards from FY25.



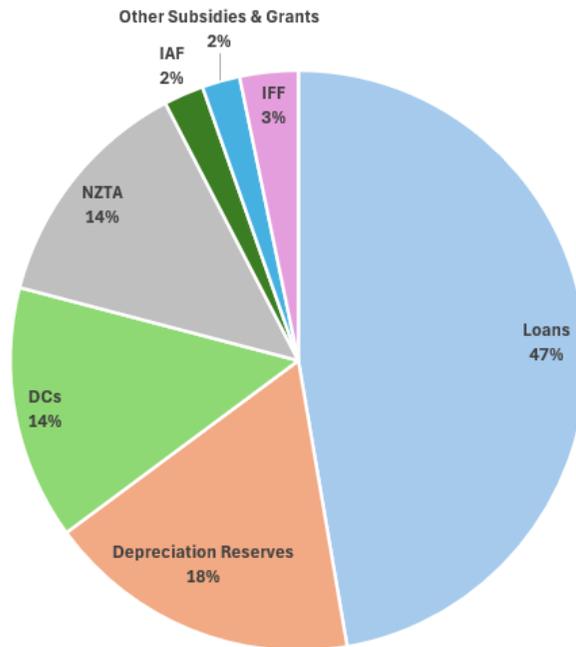
What does this mean for Annual Plan 26/27

- Currently \$634m needs to get down to ~\$500m in FY27 (of which \$186m is Waters) balance being ~\$310m
- Projects to influence showing in red wedge (~\$250m) – uncommitted and new projects. Need to pull out approx. \$120m
- Consideration of relationship to LTP (outcomes for community)
- Decisions you make from now will affect what you can prioritise next year



Funding of Projects – adjusted LTP, external funding still unsupported

FYs 27-34 (8 years) per Adopted 24-34 LTP



Since the LTP was adopted:

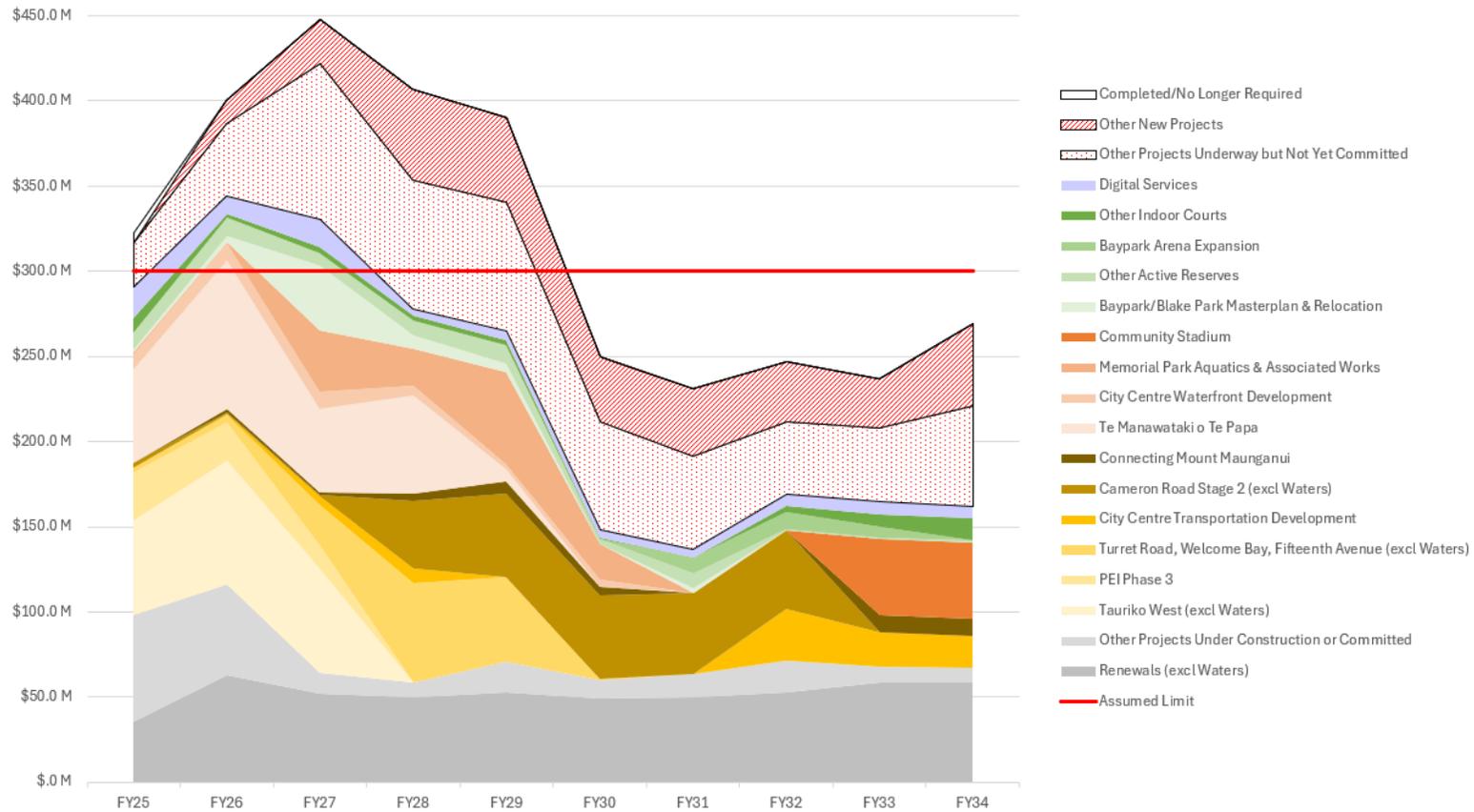
- NZTA assumptions have reduced
- IFF no longer funding TMOTP
- Other subsidies & grants incl IAF yet to be confirmed



Big Rocks Summary	FY26	FY27	FY28	FY29-34 (6 Years)
Three Waters	\$112m	\$186m	\$187m	\$1,487m
Renewals	\$63m	\$52m	\$50m	\$322m
Transport Big Rocks <i>(incl Tauriko West, PEI Phase 3, Turret Rd, City Centre, Cameron Rd Stage 2, Connecting Mt Maunganui)</i>	\$103m	\$106m	\$110m	\$343m
City Centre Big Rocks <i>(incl Te Manawataki o Te Papa, Waterfront Development, Memorial Park Aquatics, Community Stadium)</i>	\$98m	\$95m	\$85m	\$179m
Spaces & Places Big Rocks <i>(incl Baypark/Blake Park Masterplan & Relocation, Other Active Reserves, Baypark Arena Expansion and Other Indoor Courts)</i>	\$17m	\$49m	\$19m	\$87m
Digital Services	\$10m	\$17m	\$4m	\$36m
Other Projects Under Construction or Committed	\$53m	\$12m	\$9m	\$79m
Other Projects Underway but Not Yet Committed	\$42m	\$92m	\$76m	\$339m
Other New Projects	\$14m	\$26m	\$54m	\$240m
TOTAL	\$513m	\$634m	\$594m	\$3,111m

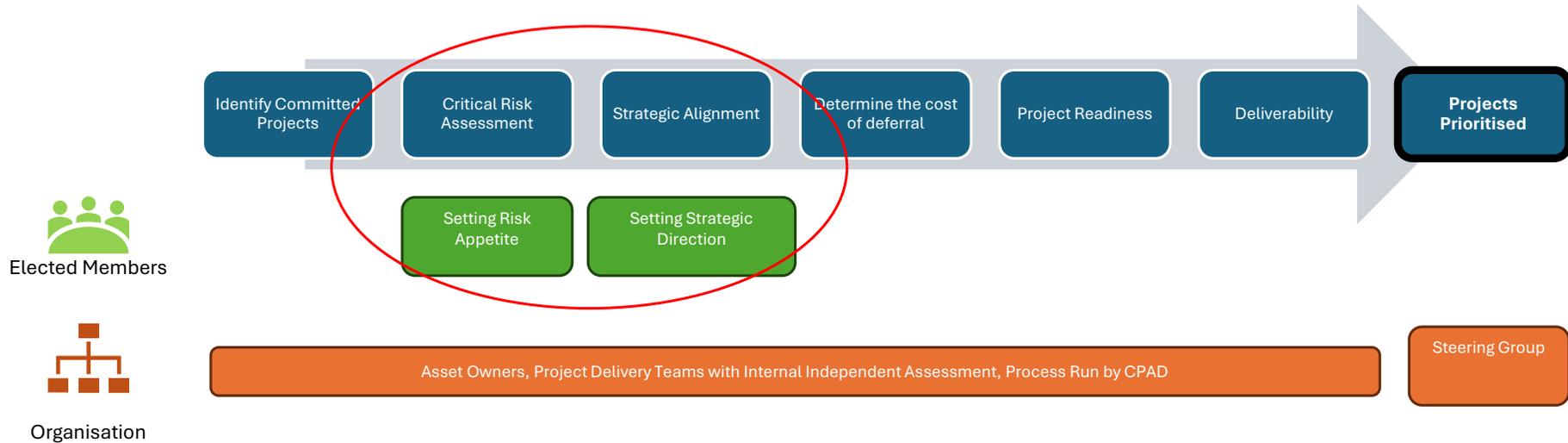


Big Rocks in Current Model (excl Three Waters)



Prioritisation Methodology

Key drivers as to what is prioritised in.



Strategic direction guides the planning of the LTP

- Traditional LTP Process 

Dates	Action/s
Late 2025	Initial briefings/workshops, confirmation of process, principles and structure, early strategy stocktake.
October – December	
Early 2026	Strategy stocktake and environment scans, asset management refresh, community outcomes review, start of user fees review phase 2.
February – May	
Mid 2026	Policy reviews (R&F, rating, financial/infrastructure), direction setting workshops, early issues identification and project decision-making.
June – September	
Late 2026	Draft LTP preparation, early engagement with audit, consultation planning and approval.
October – December	
Early 2027	Finalisation of Consultation Document and supporting documents.
February – April	Formal consultation period (including all identified engagement tools and topics)
Mid 2027	Analysis of feedback, Hearings and Deliberations.
May – June	Finalisation of LTP, audit of final document. Adoption of Long-Term Plan 2027–2037.

- Current LTP versus next LTP, much change envisaged?
- Action Investment Plans – Effectively programmes of work
- VFM – optioneering, benchmarking etc of projects



Whiteboard Exercise: Ranking Outcomes



Discussion and next steps

Annual Plan Approach

- Consideration of any changes in strategic direction?
- Financial Boundaries
- Prioritisation methodology?

Long Term Plan Approach

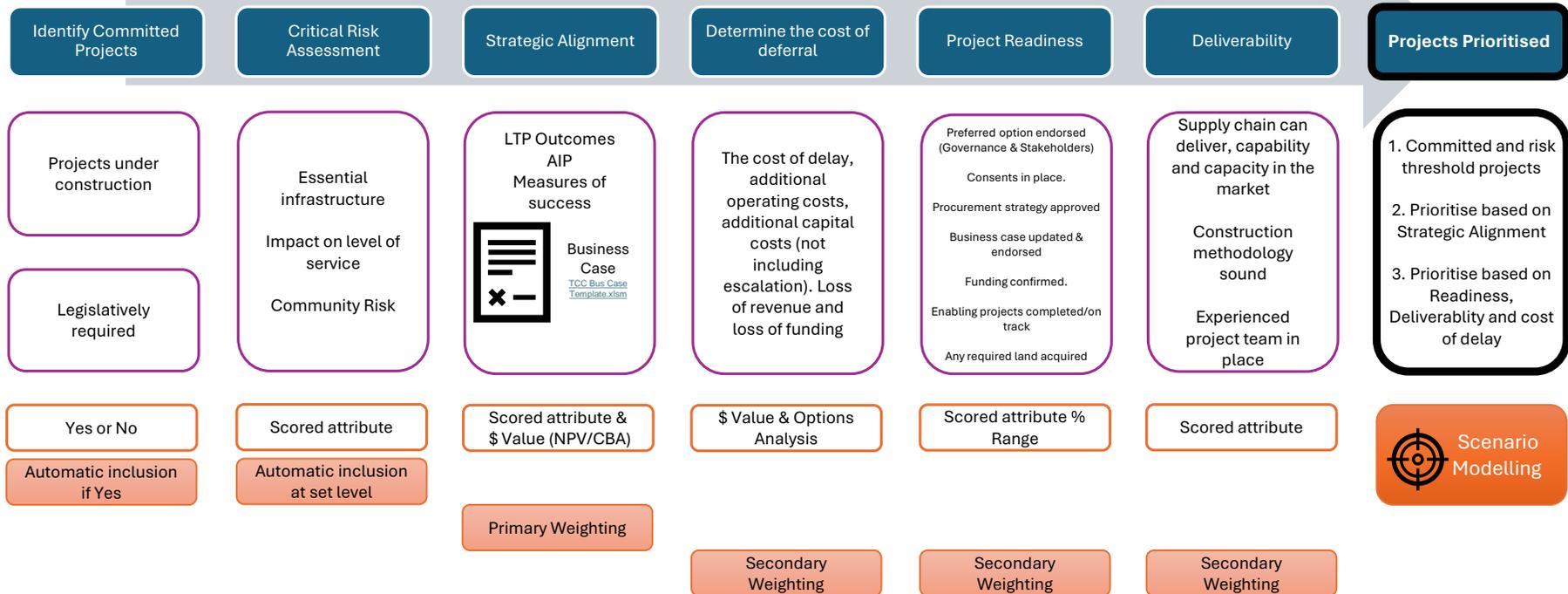
- Set Strategic Direction and Priorities
 - Outcomes
 - Action Investment Plans
- Key principles
 - Financial Boundaries
 - Assumptions
- Prioritisation Methodology



Prioritisation Methodology



Prioritising Projects – Sequential Process



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Qualifier 1: Identifying Committed Projects

Identify Committed Projects

Initial classification of projects to determine if further assessment is required against the remaining categories.

Projects under construction

Projects under construction are those projects which either have a signed physical works contract or are physically being constructed. It does not include projects that are going out to tender or are currently out to tender. If there is budget outside of risk and contingency that is not committed to, then this should be recorded.

Legislatively required

Legislatively required are projects that are; Required to fulfill the conditions of a resource consent or required to fulfil a binding contractual arrangement.

NB: Committed projects may still be subject to internal review depending on whether any risks to time, scope or cost have arisen.

Yes or No

Automatic inclusion if Yes

The WSDP implies the Water’s capital programme has been prioritised in as the capex investment requirements for three waters have been included in the WSDP to DIA & signed off by Council on August 26th. Council will be assessed by DIA in its AP against the Waters project list and will need reasons for it to be different.

A Committed Water Service Delivery Plan

In the report to Council on in-house decision implications, it was also noted that waters spend would be assumed as prioritised in for the Council’s capital programme. **Any spend above these levels would not be automatically prioritised in.**

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Qualifier 2: Risk

Critical Risk Assessment

Essential infrastructure
Impact on level of service
Community Risk

Scored attribute

Automatic inclusion at set level

Assessed using TCC risk framework focused on the Strategic Risks (some strategic risks have been broken down)

Financial	Regulatory/Legal - Contractual	Reputation - Corporate
Health and Safety	Regulatory/Legal - TCC bylaws	Reputation - Council Governance
Wellbeing	Regulatory/Legal - External legislation	Technology
Organisational Capability/Capacity	Service Delivery	Environmental

The most significant risk is measured, assessing the risk of not completing the project. A likelihood and consequence matrix is used to determine the risk rating which is then compared against a table to determine the overall risk level. This does differ depending on the type of risk. An initial assessment of the risk against risk appetite is used to determine if a project meets the threshold to become an automatic inclusion

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Qualifier 3: Strategically Aligning Remaining Projects

Strategic Alignment

LTP Outcomes AIP Measures of success



Business Case
TCC Bus Case Template.xlsm

Scored attribute & \$ Value (NPV/CBA)

Primary Weighting

Assessed against LTP outcomes, key priority areas identified in LTP and Action and Investment Plans. The primary measure of strategic alignment is against the 5 outcome areas.

This scoring can be subjective, requires moderation. The significance and engagement policy can be used to assess the scale of the effect.



[our-direction-strategies-plans-fit.pdf](#)

At this level, funding could be assigned at a portfolio level and even at a programme level and projects prioritised within these envelopes

Major (Positive)Effect on outcome	3
Moderate (Positive)Effect on outcome	2
Minor (Positive)Effect on outcome	1
No effect on outcome	0
Detrimental to outcome	-1



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FYI: Determining the cost of deferral

Determine the cost of deferral

The cost of delay, additional operating costs, additional capital costs (not including escalation). Loss of revenue and loss of funding

\$ Value & Options Analysis

Secondary Weighting

This is primarily a financial calculation of the impact of deferring the project.

It should take into account the additional operating costs to either maintain the existing asset if this project is a renewal project (cost of sweating the asset) or other operating costs which may arise without this project.

Also for consideration is any loss of confirmed funding for the project (for example NZTA funding, or external grants) and any loss of revenue.

To capture this effectively these will be separated into:

1. Additional Operating Cost (expressed as a % of the capital cost)
2. Loss of external project funding (the total loss of funding), and what source
3. Loss of revenue (expressed as a single annualised \$ figure)



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Qualifier 5: Project Readiness

Project Readiness

- Preferred option endorsed (Governance & Stakeholders)
- Consents in place.
- Procurement strategy approved
- Business case updated & endorsed
- Funding confirmed.
- Enabling projects completed/on track
- Any required land acquired

Scored attribute % range

Secondary Weighting

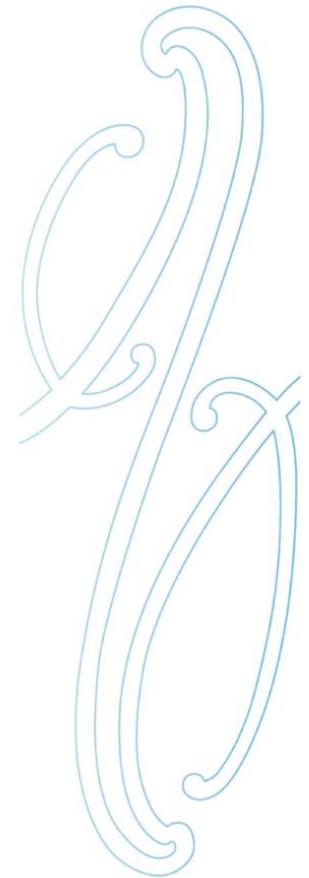
Level of confidence that the project is ready to proceed to the required stages in future years. This only relates to the year 1-3 projects to optimise the programme. More difficult to assess in later years

This is focused on the elements that internally the project manager should have in place or working towards. Should consider the prompts provided to provide a realistic level of confidence.

- | | |
|-------------|---|
| 90% to 100% | - Everything in place to proceed |
| 70% to 90% | - Some elements still require completion but low risk |
| 50% to 70% | - Some items remain outstanding which are likely to delay project |
| 30% to 50% | - Key items remain outstanding which are likely to delay project |
| 0% to 30% | - Most items have not commenced or remain high risk to achieve |

This is still a subjective score which will require mediation.

Low confidence projects are likely to be reassessed and are likely to have some or all funding moved out to ensure a higher confidence of delivery across the entire TCC capital programme.



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Qualifier 6: Deliverability

Deliverability

Supply chain can deliver, capability and capacity in the market

Construction methodology sound

Experienced project team in place

Scored attribute

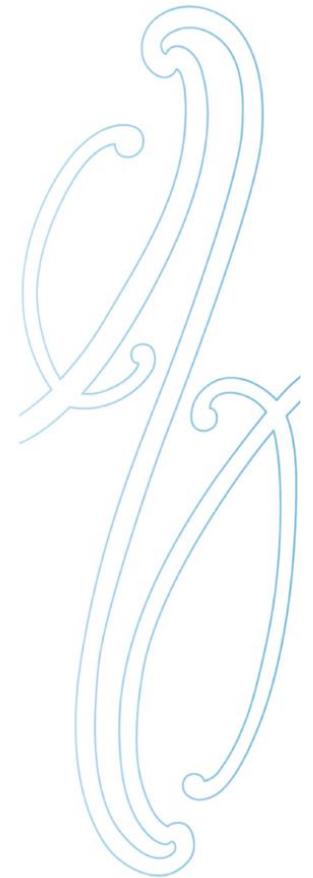
Secondary Weighting

Level of confidence that the project is able to be delivered, rather than internal factors, this assessment is focused external factors that could impact the confidence of proceeding with the project. Should consider the prompts provided to provide a realistic level of confidence. This only relates to the year 1-3 projects to optimise the programme. More difficult to assess in later years

- | | |
|-------------|--|
| 90% to 100% | - Everything in place to proceed |
| 70% to 90% | - Some factors have a low risk, but have mitigation in place |
| 50% to 70% | - Some factors have a low or moderate risk, and still require mitigation |
| 30% to 50% | - Some factors have a high risk, with limited mitigation in place |
| 0% to 30% | - Most factors remain a high risk, and no mitigation in place |

This is still a subjective score which will require mediation.

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Outcome: Prioritising Projects

Projects Prioritised

1. Committed and risk threshold projects

2. Prioritise based on strategic alignment and risk profile

3. Prioritise based on Readiness, deliverability and cost of delay



Scenario Modelling

Once the data has been collected, thresholds and weightings determined across the various factors a process is used to create the programme. With projects prioritized in the following order

1. Automatic inclusions
 - a) Committed Projects
 - b) Projects that are required to mitigate unacceptable risks
2. Projects are then ranked based on their strategic significance and risk rating
3. Projects are then assessed and rescheduled if there is low confidence in being able to be delivered against their initial programme. This may identify where high ranked but low readiness projects may require intervention to accelerate over lower ranked projects

There are 3 main levers that would impact how the projects are ranked and could be used to generate different scenarios.

1. Strategic Alignment – Different weightings could be applied to how the overall strategic score is calculated, for example the 5 outcomes could be ranked in order of priority, or specific AIP's or priority areas could be given more weighting
2. Risk Appetite – Higher or lower appetite would have an impact on what the automatic inclusion threshold is and also the overall risk rating of the project
3. Combination of the above, how important is Strategy over Risk? Standard weighting for example is 70% strategy versus 30% risk

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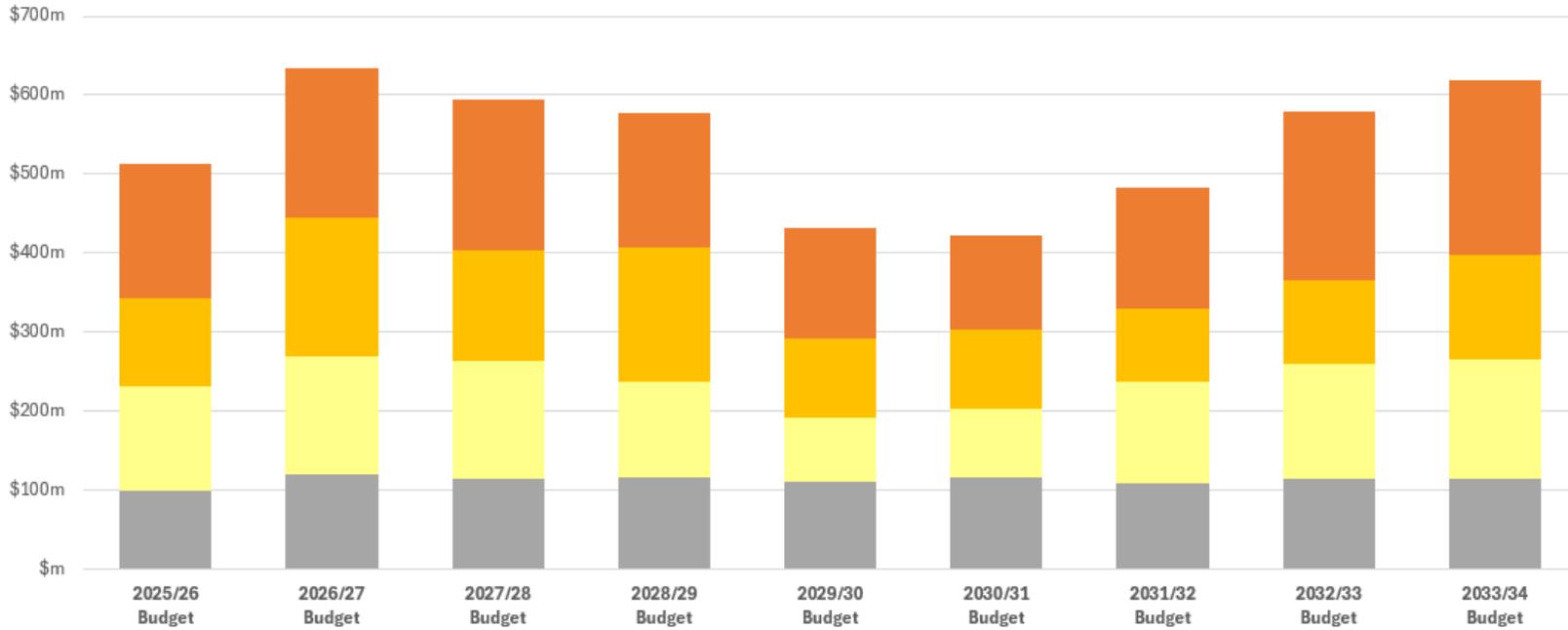
Additional Information



Tauranga City

Long Term Plan 2027-37

Capital Budgets FY 2026-34



Excludes land sales, vested assets and BV-funded new capital; includes operational projects of a capital nature.
Includes proposed carry forwards from FY25.

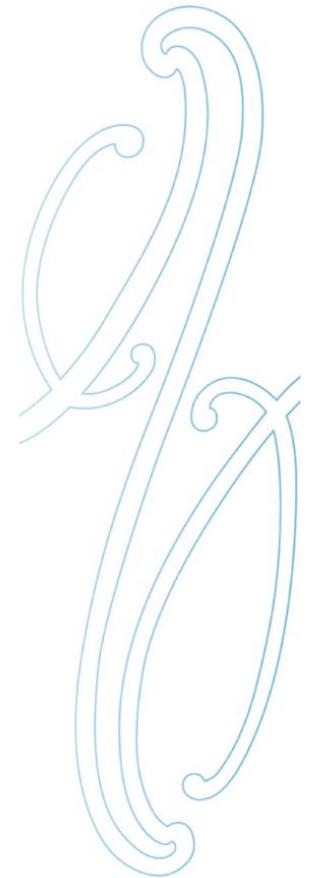
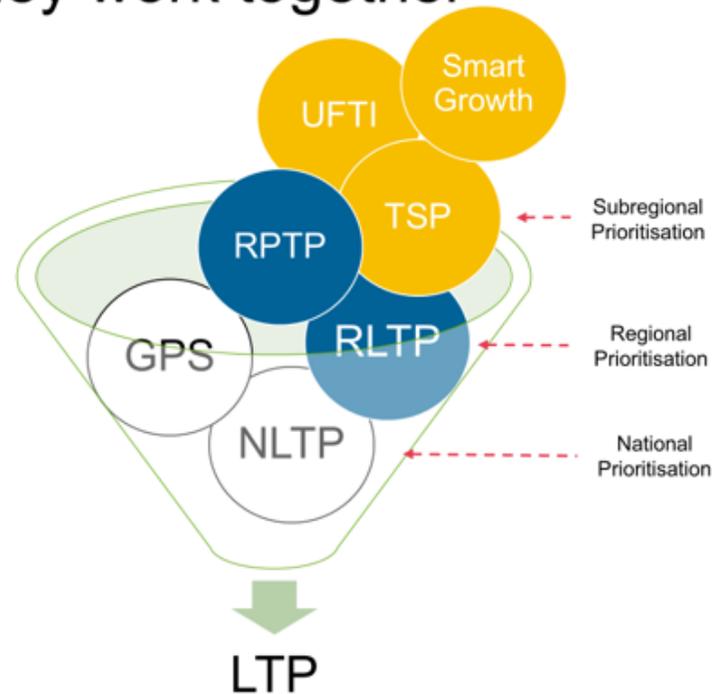
■ Renewal ■ Growth ■ Growth & Level of Service ■ Level of Service



As an example at a portfolio level: Transport Approach

Strategic Direction – How they work together

1. The strategic direction for Transport is drawn from several sources
2. GPS sets the national direction → defines what the government wants to achieve (e.g. safety, resilience, economic growth).
3. SmartGrowth (regional spatial strategy) → integrates land use and transport planning across councils and iwi.
4. UFTI (under SmartGrowth) → provides a long-term vision for urban form and transport, shaping the Connected Centres model.
5. TSP (from UFTI) → translates strategic vision into specific transport projects and priorities for the Western Bay.
6. RLTP (regional plan) → includes TSP projects and aligns with GPS priorities. It's the formal mechanism for seeking funding.
7. NLTP (national programme) → Waka Kotahi assesses RLTP proposals and funds them based on GPS alignment and prioritisation.

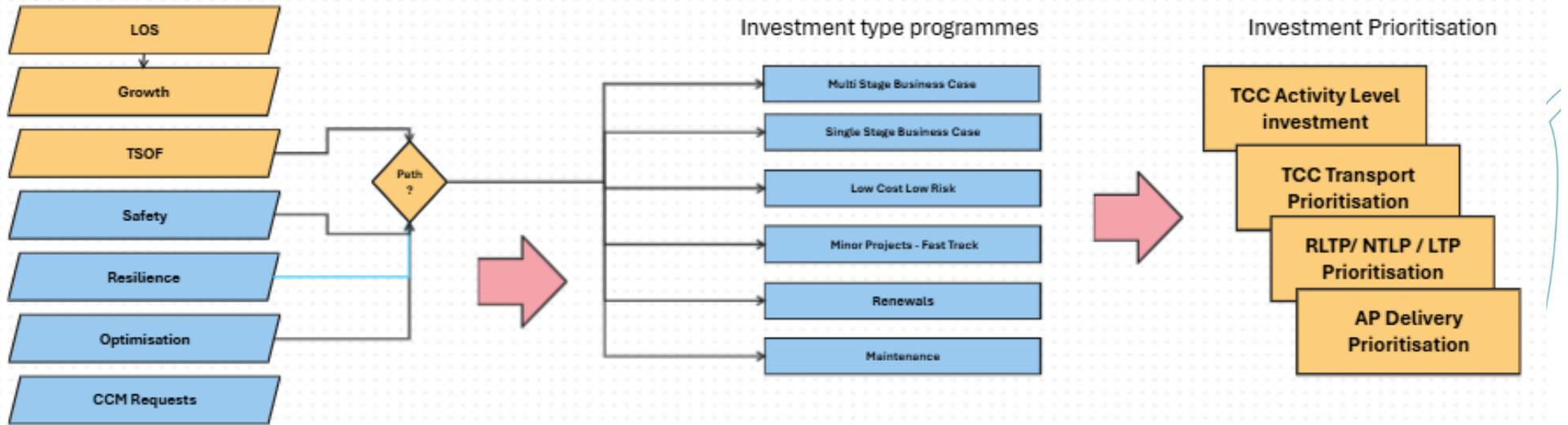


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As an example at a portfolio level: Transport Approach



Programme Development



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Prioritising Projects – Other Data Requirements to understand the programme

Geographical Location	Existing data in CARTA, Forward Works Viewer. Outputs required are to provide insights by electoral ward, investment in growth areas. To demonstrate and prioritise if required, equitable investment across the city
LTP Key Priority	What are the key projects as identified and called out in the LTP. Not captured as a specific data point, would have to be identified and added to metadata within IBIS
Type of Infrastructure	Water Supply, Wastewater, Stormwater, Transportation, Social Infrastructure, Non-key infrastructure. Not captured as a specific data point within existing systems, but can be managed using current data
Reason for Investment	Growth, Renewal or Level of Service, requirement under LGA, captured in IBIS and SAP
Action Investment Plans (AIP's)	Does the project link to an Action & Investment Plans (AIPs) - Tauranga City Council . Not captured within existing systems, held in separate spreadsheets
TSP Priority	Does the project link to Transport System Plan - Tauranga City Council . Sort of held within IBIS using the project title (i.e. TSP05 – Project Name)
City/Regional Deal, IPP Project, UNISA Project	What projects are part of other various key stakeholder groups or national processes/interest groups. Not captured as a specific data point. May have to be flagged outside current systems.
Portfolio and Programme	What portfolio and programme of work is the project part of



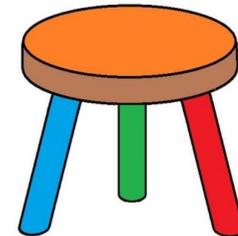
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Debt capacity, funding and revenue relationships

\$300-\$310 average capex per annum on rest of council and \$180-\$190 average capex for waters

Maintained under the following **high-level modelling** assumptions which get revised with each annual plan/LTP :

- LTP rates levels (for TCC & Waters CCO combined) 12% in 2026/27 flowing through average for rest of LTP period of about 9%
- Grant revenue of \$30m plus 2%pa (excluding IFF) much lower than assumed in LTP
- All other revenue assumptions remain at LTP levels including DCs.

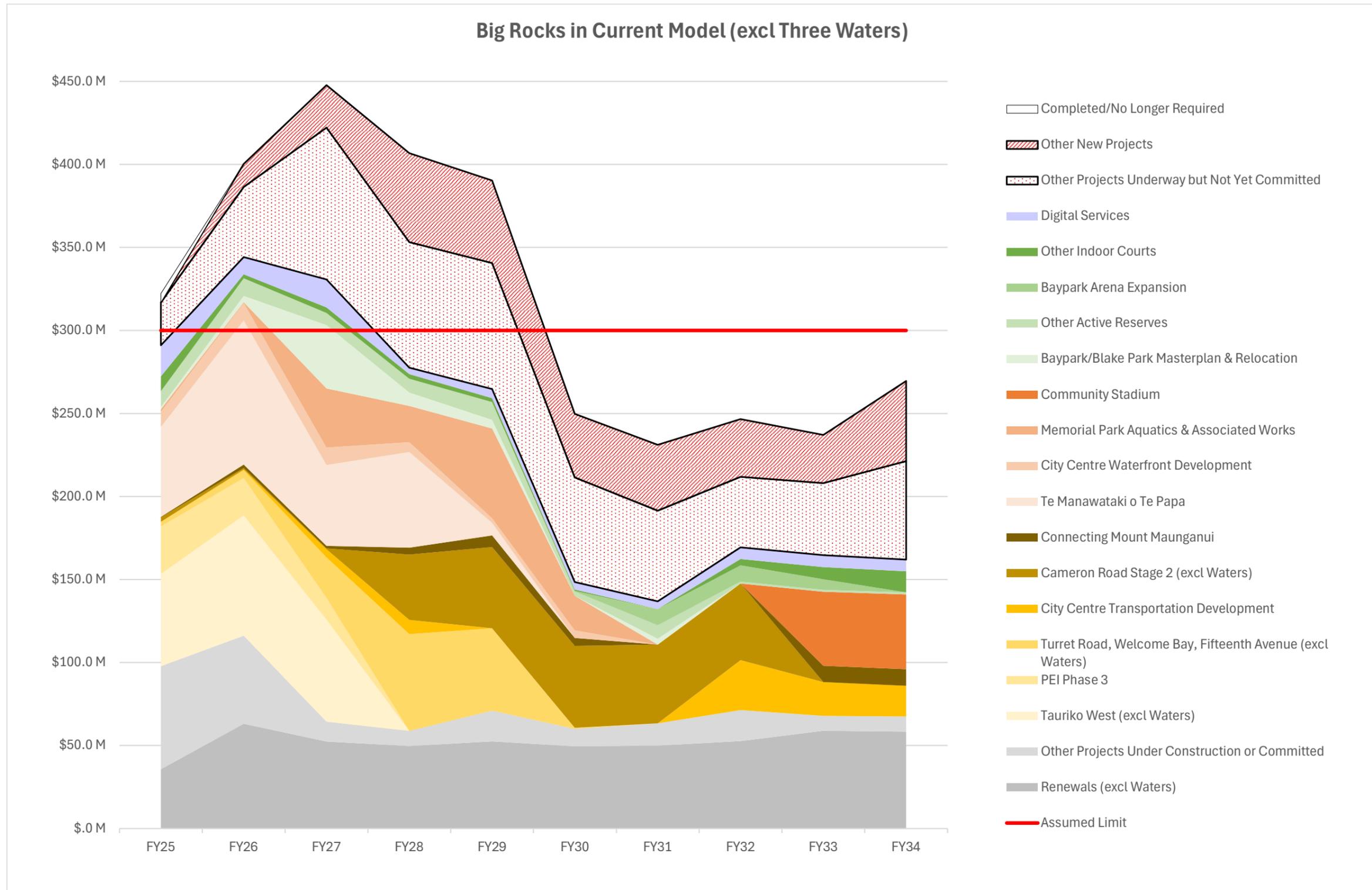


Rule of Thumb:

\$100m of additional revenue allows \$330m of Capex (debt to rev ratio 330%).

An additional \$330m of capex results in (8-10%) of operational expenditure within a couple of years (being debt servicing on \$230m is c\$10m, depreciation over 25 years is c\$13m and other costs to maintain and operate would be over and above these amounts).





Big Rocks in Current Model (excl Three Waters)

	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Renewals (excl Waters)	\$35.7 M	\$63.1 M	\$52.3 M	\$49.8 M	\$52.5 M	\$49.4 M	\$49.9 M	\$52.7 M	\$58.9 M	\$58.4 M
Other Projects Under Construction or Committed	\$62.1 M	\$53.1 M	\$12.0 M	\$9.1 M	\$18.4 M	\$10.6 M	\$13.4 M	\$18.7 M	\$8.9 M	\$9.2 M
Tauriko West (excl Waters)	\$55.6 M	\$72.4 M	\$61.6 M	\$0.0 M	\$0.0 M	\$0.0 M	\$0.0 M	\$0.0 M	\$0.0 M	\$0.0 M
PEI Phase 3	\$28.6 M	\$22.5 M	\$13.1 M	\$0.0 M	\$0.0 M	\$0.0 M	\$0.0 M	\$0.0 M	\$0.0 M	\$0.0 M
Turret Road, Welcome Bay, Fifteenth Avenue (excl Waters)	\$2.8 M	\$4.7 M	\$24.4 M	\$58.3 M	\$49.7 M	\$6.6 M	\$0.0 M	\$0.0 M	\$0.0 M	\$0.0 M
City Centre Transportation Development	\$0.0 M	\$5.5 M	\$5.0 M	\$8.6 M	\$0.0 M	\$0.0 M	\$0.0 M	\$30.1 M	\$20.5 M	\$18.5 M
Cameron Road Stage 2 (excl Waters)	\$2.5 M	\$9.9 M	\$5.5 M	\$39.3 M	\$49.0 M	\$49.4 M	\$47.4 M	\$46.1 M	\$0.0 M	\$0.0 M
Connecting Mount Maunganui	\$3.3 M	\$2.0 M	\$1.5 M	\$4.2 M	\$7.0 M	\$4.8 M	\$0.0 M	\$0.0 M	\$9.8 M	\$10.0 M
Te Manawataki o Te Papa	\$54.2 M	\$86.8 M	\$48.7 M	\$57.6 M	\$7.5 M	\$0.0 M				
City Centre Waterfront Development	\$9.1 M	\$10.5 M	\$10.4 M	\$5.9 M	\$2.8 M	\$4.6 M	\$0.0 M	\$0.0 M	\$0.0 M	\$0.0 M
Memorial Park Aquatics & Associated Works	\$1.5 M	\$5.5 M	\$35.6 M	\$21.8 M	\$54.1 M	\$20.8 M	\$0.0 M	\$0.0 M	\$0.0 M	\$0.0 M
Community Stadium		\$0.0 M	\$44.6 M	\$45.0 M						
Baypark/Blake Park Masterplan & Relocation	\$1.3 M	\$3.8 M	\$38.2 M	\$8.0 M	\$5.1 M	\$0.0 M	\$3.6 M	\$0.0 M	\$0.0 M	\$0.0 M
Other Active Reserves	\$9.6 M	\$10.7 M	\$7.2 M	\$8.3 M	\$10.8 M	\$2.6 M	\$8.2 M	\$1.2 M	\$1.2 M	\$1.3 M
Baypark Arena Expansion	\$0.0 M	\$4.4 M	\$9.6 M	\$9.8 M	\$6.3 M	\$0.0 M				
Other Indoor Courts	\$8.9 M	\$2.4 M	\$3.5 M	\$2.9 M	\$2.3 M	\$7.7 M	\$1.1 M	\$3.7 M	\$7.4 M	\$12.6 M
Digital Services	\$18.7 M	\$10.4 M	\$16.8 M	\$3.9 M	\$5.5 M	\$4.6 M	\$4.6 M	\$7.0 M	\$7.1 M	\$7.0 M
Other Projects Underway but Not Yet Committed	\$25.8 M	\$42.2 M	\$91.5 M	\$75.6 M	\$75.8 M	\$63.0 M	\$54.7 M	\$42.6 M	\$43.5 M	\$59.3 M
Other New Projects	\$0.0 M	\$13.9 M	\$25.6 M	\$53.6 M	\$49.7 M	\$38.3 M	\$39.6 M	\$34.7 M	\$29.0 M	\$48.3 M
Completed/No Longer Required	\$5.4 M	\$0.0 M								
Total	\$322.2m	\$400.3m	\$447.8m	\$406.8m	\$390.3m	\$249.8m	\$231.1m	\$246.5m	\$237.1m	\$269.5m
Assumed Limit	\$300.0m									

