



**REPLACEMENT PAGES FOR ITE  
11.1 – CIVIC WHARE, EXHIBITION  
AND MUSEUM PROJECT  
UPDATES AND NEXT STEPS**

**Ordinary Council Meeting  
Monday, 9 December 2024**



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**OPTIONS ANALYSIS**

**Options summary**

87. **The balance of advantages c.f. disadvantages for each of the three options** is provided in the table below, with further information provided in the sections that follow:

Table colour key:

Green = mainly advantages
Amber = mix of advantages and disadvantages
Red = mainly disadvantages

Consideration grouping \ Option	Legal	Financial	Funding	Economic	Council	TMoTP outcomes	Tangata Whenua	Other partners	Directly affected communities	Current & future communities
<b>Option 1: Status Quo – Proceed as programmed in the LTP (RECOMMENDED)</b>	Green	Amber	Green	Green	Green	Green	Green	Green	Green	Amber
<b>Option 2: Stop the project – remediate the site</b>	Red	Amber	Red	Red	Red	Red	Red	Red	Red	Amber
<b>Option 3: Change the scale and scope of the project</b>	Red	Red	Red	Red	Red	Red	Red	Red	Red	Amber

**88. Option 1: Status Quo – Proceed with the CWEM project, as programmed in the LTP (Recommended)**

- \$66m construction costs plus remaining non-contract costs to complete the CWEM project by December 2027, within approved/LTPA budget of \$128.4m.
- Funding for project completion within existing parameters, no issues with existing funding agreements.
- Te Manawataki o Te Papa site and the Civic Whare itself are particularly important to Tangata Whenua. Delivery as designed respects TCC’s relationship with Otamataha Trust as joint landowners and co-design partners.
- Significantly increases the level of service through provision of these new facilities for Tauranga communities, providing a destination attraction for visitors and our communities now and in the future.

**89. Option 2: Stop the CWEM project, remediate the site**

- Incurs sunk costs of \$20m plus costs for building site remediation, **redesign of the Plaza** and potential future liabilities & risks (including contract break costs) – all up total estimated to be in the range of **\$34m - \$50m**. The only asset created would

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be landscaping, so the remainder would be written off as operating costs. A Council decision would be required on whether to debt fund or rate fund in current year.

- Funding agreements breached, likely refund of \$12.1m to DIA required, and TECT \$21m funding commitment would be withdrawn, along with a significant reduction in central Government and local and community grants achieved for the wider TMoTP precinct. Likely down-scaling or stopping of remaining elements of TMoTP Precinct programme required to retain existing cap of \$151.5m on property-owner funded portion of the programme.
- Partially completed Precinct unlikely to attract visitors to city centre, give confidence to private developers and commercial sector, or meet current and future needs of Tauranga’s communities for these facilities. Lower level of service than planned for current and future Tauranga communities.
- Significant damage to relationship with Tangata Whenua, particularly Otamataha Trust, and significant reputational damage with funding partners, private developers and commercial sector in the city centre.

**90. Option 3: Change the scale and scope of the CWEM project (pause to redesign)**

- We are unable to determine the financial impacts of this option with any degree of accuracy because of the large number of unknowns. However, in their advice to council, Rider Levett Bucknall have provided some useful information around some potential option 3 scenarios.
- Their advice, and an understanding of the likely funding implications of a re-scoped CWEM, suggest that a delayed and then re-scoped smaller CWEM would feasibly have a higher net cost to council than Option 1 (status quo) both in debt and opex.

91. **A summary of comparative financials** for Options 1 and 2 is provided in the table below, with further information provided in the sections that follow: [\[updated table\]](#)

CWEM Option 1 vs Option 2	Option 1 (\$m)	Option 2a (\$m)	Difference (1 - 2a) (\$m)	Option 2b (\$m)	Difference (1 - 2b) (\$m)
Debt Impact over LTP/AP (Current Yr)	(14.4)	34.9	(49.3)	34.9	(49.3)
Debt Impact over LTP period	53.2	40.4	12.9	42.4	10.9
Net Rates Impact 2024/25	0.1	2.2	(2.2)	2.2	(2.2)
Net Rates Impact when fully operational	8.7	3.2	5.6	3.3	5.5
Net Present Value (NPV) to 2034 (Cost)	81.7	51.3	30.4	53.5	28.2
Level of Service Impact	Significant Increase	No Change		No Change	

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**Option 1: Status Quo – Proceed as programmed in the LTP (RECOMMENDED)**

- 92. This option is to proceed with the Civic Whare, Exhibition and Museum building as programmed in the LTP. This is the status quo option.
- 93. Option-specific assumptions:
  - (a) Funding approved in the LTP, subject to completion in December 2027, four months earlier than planned and saving \$5m overall by bringing forward.
  - (b) Subsequent changes to funding have been incorporated as outlined earlier in this report (refer *Attachment 2: Te Manawataki o Te Papa Funding Stack at November 2024*).
- 94. Advantages and disadvantages of this option are summarised in the table below:

Consideration grouping	Advantages of option 1: Status Quo – Proceed as planned	Disadvantages and risks of option 1: Status Quo – Proceed as planned
Legal	<ul style="list-style-type: none"> <li>• No LTP Amendment triggered.</li> <li>• Minimal or no risk of legal challenge from delivery partners, funders and/or other supporters in the community.</li> </ul>	
Financial	<ul style="list-style-type: none"> <li>• \$128.4m CWEM budget is approved and included in the 2024-34 LTP.</li> <li>• Ratepayer contribution to Te Manawataki o Te Papa overall is still capped at \$151.5 million.</li> <li>• No break-costs incurred.</li> </ul>	<ul style="list-style-type: none"> <li>• Is still a significant portion of council's LTP capex expenditure for the next 3-4 years.</li> </ul>
Funding	<ul style="list-style-type: none"> <li>• External funding for the wider TMoTP project is not jeopardised (CG, TECT, local funders).</li> <li>• Increased parking activity likely to materialise, ensuring parking activity funding for TMoTP will be achieved.</li> </ul>	
Economic	<ul style="list-style-type: none"> <li>• Economic benefits for Te Manawataki o Te Papa in net present value terms estimated as additional \$513m to \$1,370m<sup>1</sup> over the next 60 years - tourism benefits (largest), use and non-use value of new amenities by Tauranga residents, cultural expression benefits for Māori, agglomeration benefits<sup>2</sup> assumed to be stimulated in the city centre and immediate</li> </ul>	

<sup>1</sup> Te Manawataki o Te Papa Business Case, July 2023 (page 10 of business case, page 20 of PDF): [https://infocouncil.tauranga.govt.nz/Open/2023/07/CO\\_20230724\\_ATT\\_2510\\_EXCLUDED.PDF](https://infocouncil.tauranga.govt.nz/Open/2023/07/CO_20230724_ATT_2510_EXCLUDED.PDF)

<sup>2</sup> Agglomeration benefits from business concentration – As job density rises, productivity among workers rises due to businesses operating nearer to increased customers, suppliers, and competitors (ibid, page 83/93)

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Consideration grouping	Advantages of option 1: Status Quo – Proceed as planned	Disadvantages and risks of option 1: Status Quo – Proceed as planned
	surrounding area (GHD estimates, TMoTP Business Case, July 2023)	
Council	<ul style="list-style-type: none"> <li>Reputational risk minimised, honouring Council's strategic and LTP commitments.</li> <li>Reputational risk minimised by proceeding with this award-winning programme.<sup>3</sup></li> </ul>	
TMoTP delivery and outcomes	<ul style="list-style-type: none"> <li>TMoTP, including CWEM, outcomes achieved through delivery of the programme as planned.</li> <li>Completion of associated precinct landscape to ensure safe access into and connection across the precinct to Library Community Hub.</li> </ul>	
Tangata Whenua	<ul style="list-style-type: none"> <li>Maintains cultural integrity of Te Manawataki o Te Papa concept.</li> <li>Relationship with Tangata Whenua, and particularly Otamataha Trust co-owners, maintained and strengthened.</li> </ul>	
Other partners	<ul style="list-style-type: none"> <li>No surprises – proceeding as signalled in the LTP.</li> </ul>	
Directly affected communities (e.g. tourism sector, CBD commercial, the Elms)	<ul style="list-style-type: none"> <li>No surprises – proceeding as signalled in the LTP.</li> </ul>	
Current and future wider communities	<ul style="list-style-type: none"> <li>Positive response from current communities supportive of the project.</li> <li>Future communities benefit from current investment in the city, with the resulting improved level of service c.f. current, and having CWEM facilities in place.</li> </ul>	<ul style="list-style-type: none"> <li>Likely negative response from current communities that do not wish the project to proceed (or to proceed at the current scope/scale and cost).</li> </ul>

95. Estimated financial impacts of Option 1, proceeding with the CWEM project as programmed in the LTP, are provided in the tables and commentary below.

<sup>3</sup> Te Manawataki o Te Papa – the Heartbeat of Te Papa was awarded the 2023 Taituarā 'Te Tohu Waka Hourua – The Buddle Findlay Award for Māori-Council Partnerships', refer: [https://taituara.org.nz/Story?Action=View&Story\\_id=504](https://taituara.org.nz/Story?Action=View&Story_id=504)

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**Table 1a: Capital expenditure and funding profile for Option 1**

<b>CWEM - Option 1: proceed as programmed</b>	<b>Historic Cost (\$m)</b>	<b>2025 Cost (\$m)</b>	<b>2026 Cost (\$m)</b>	<b>2027 Cost (\$m)</b>	<b>2028-34 Cost (\$m)</b>	<b>Total Cost (\$m)</b>
Actual/ Forecast Cost	10.7	9.6	34.3	41.2	32.6	128.4
<b>LTP/ AP Budget Cost</b>	<b>10.7</b>	<b>24.1</b>	<b>34.6</b>	<b>33.3</b>	<b>27.2</b>	<b>129.9</b>
External Revenue Funding	8.5	6.2	9.5	16.1	12.3	52.5
Renewal Funded Debt						0.0
Growth Funded Debt						0.0
Council Reserve Funding <i>(from asset realisation, airport &amp; parking)</i>	2.2	0.6	4.7	7.9	7.3	22.7
<b>Rate Funded Debt Funding</b> <i>(from \$151.5m capped total for TMoTP)</i>	<b>0.0</b>	<b>2.9</b>	<b>20.1</b>	<b>17.2</b>	<b>13.1</b>	<b>53.2</b>

- (a) There has been a small reduction in the forecast project cost, and some pushing out of cashflows, but overall little change to what was in the LTP. We have a very high level of confidence in relation to project cost estimates.
- (b) \$33m of the external revenue is either received or supported by signed agreements, with the balance still to be confirmed. \$21.5m of the project will be funded from council reserve funding, with the balance of \$54.5m funded from the capped rate-funded debt available for the TMoTP programme.

**Table 1b: Operating Costs and funding profile for Option 1**

<b>CWEM - Option 1: proceed as programmed</b>	<b>2025 (\$'000)</b>	<b>2026 (\$'000)</b>	<b>2027 (\$'000)</b>	<b>Annual Costs once fully operational 2029 (\$'000)</b>
Operational Costs	-	295	2,070	4,111
Debt Servicing Costs	69	624	1,521	2,403
Depreciation Costs	-	-	-	3,808
<b>Total Actual/ Forecast Cost</b>	<b>69</b>	<b>918</b>	<b>3,591</b>	<b>10,322</b>
Revenue	-	-	-	(1,589)
<b>Net Actual/ Forecast Cost</b>	<b>69</b>	<b>918</b>	<b>3,591</b>	<b>8,733</b>
<b>Net Rates impact</b>	<b>69</b>	<b>918</b>	<b>3,591</b>	<b>8,733</b>

- (c) Operating costs are based on detailed external estimates and are unchanged from the LTP figures. Revenue relates to anticipated user fees with the balance of the activity funded through rates.



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- (d) The ongoing cost of these buildings is approximately **\$140 per ratepayer per annum**, but would provide a significant increase in the level of service available to the community through provision of the new facilities.

**Option 2: Stop the project – remediate the site**

96. This option is to stop the CWEM project, which requires stopping the CWEM Contract. This means not building the CWEM facility as designed, and not completing the remainder of the Plaza outdoor space (the hard and soft landscaping, part of the CWEM contract). The CWEM building site and remaining Plaza outdoor space would be remediated to a standard to be determined at a future date and in consultation with the landowners – options 2a and 2b below provide examples.

97. Option-specific assumptions:

- (a) Estimated financial impacts are based on a Review of Theoretical Options provided by Rider Levett Bucknall (RLB). Further details are provided as **Attachment 6**, and further confidential information is provided as **Public Excluded Attachment 7** to this report. The RLB advice:
  - (i) Relates only to the CWEM contract, and excludes the non-construction elements of the CWEM project.
  - (ii) Assumes that Hamilton Street footpath will remain similar to current design, and Willow Street a shared pedestrian roadway.
  - (iii) Notes that break cost estimates applied include contractual break costs and the cost of remediating the Precinct site and landscaping it, but do not include any potential legal costs through actions taken against Council for reputational or other damage.
- (b) The operational cost in 2025 is based on the write-off of costs incurred to date (and debt-funded) plus the midpoint estimate of break costs ex the RLB advice.
- (c) Because there will be no asset created under this option except for the remediation landscaping, costs already capitalised and any break costs incurred will be treated as operational costs. These operational costs could be debt funded, which would require a specific Council resolution.

98. Advantages and disadvantages of this option are summarised in the table below:

Consideration groupings	Advantages of option 2: stop CWEM project	Disadvantages and risks of option 2: stop CWEM project
Legal		<ul style="list-style-type: none"> <li>• Requires an LTP Amendment (i.e. formal community consultation) to action, due to proposed change in future level of service (i.e. no museum).</li> <li>• Potential for legal challenge from delivery partners, funders and/or other supporters in the community.</li> </ul>
Financial	<ul style="list-style-type: none"> <li>• Capital expenditure reduction for 2025-2028 c.f. LTP – benefit to current Tauranga ratepayers.</li> </ul>	<ul style="list-style-type: none"> <li>• Sunk costs of \$20m (including for Stage 1 enabling works &amp; early trades procurement to date).</li> <li>• Cancellation and contract break costs.</li> </ul>

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Consideration groupings	Advantages of option 2: stop CWEM project	Disadvantages and risks of option 2: stop CWEM project
		<ul style="list-style-type: none"> <li>• Cost of remediating the CWEM site, and remaining Precinct outdoor space.</li> <li>• Costs of continuing with current LOS provision (e.g. museum storage facility costs), which where this has been removed from LTP budgets.</li> </ul>
Funding		<ul style="list-style-type: none"> <li>• Loss of TECT funding of \$21m (committed for whole TMoTP precinct being delivered as designed).</li> <li>• Requirement to pay back DIA funding of \$12.1m (for design &amp; non-construction costs, has already been applied to CWEM design).</li> <li>• Likely loss of almost all other external funding for the wider TMoTP project.</li> <li>• Central city parking revenue likely to be lower than envisaged (due to lower demand), resulting in less parking activity revenue being available to fund TMoTP development.</li> </ul>
Economic		<ul style="list-style-type: none"> <li>• Economic benefits of wider TMoTP programme not fully realised, estimated at \$513m to \$1,370m NPV over next 60 years (per TMoTP Business Case, GHD)<sup>4</sup></li> </ul>
Council		<ul style="list-style-type: none"> <li>• Risk of reputational damage from non-delivery of a significant project that has been consulted on and approved through the LTP, and is already underway.</li> <li>• Risk of reputational damage from non-delivery of this core element of Te Manawataki o Te Papa, after receiving a national award for the programme.<sup>5</sup></li> </ul>
TMoTP delivery and outcomes (incl other elements of Site A, and overall)		<ul style="list-style-type: none"> <li>• Civic Precinct Masterplan not completed, unable to achieve the objectives of the integrated campus development.</li> </ul>

<sup>4</sup> Te Manawataki o Te Papa Business Case, July 2023 (page 10 of business case, page 20 of PDF): [https://infocouncil.tauranga.govt.nz/Open/2023/07/CO\\_20230724\\_ATT\\_2510\\_EXCLUDED.PDF](https://infocouncil.tauranga.govt.nz/Open/2023/07/CO_20230724_ATT_2510_EXCLUDED.PDF)

<sup>5</sup> Te Manawataki o Te Papa – the Heartbeat of Te Papa was awarded the 2023 Taituarā ‘Te Tohu Waka Hourua – The Buddle Findlay Award for Māori-Council Partnerships’, refer: [https://taituara.org.nz/Story?Action=View&Story\\_id=504](https://taituara.org.nz/Story?Action=View&Story_id=504)

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Consideration groupings	Advantages of option 2: stop CWEM project	Disadvantages and risks of option 2: stop CWEM project
civic precinct (TMoTP)		<ul style="list-style-type: none"> <li>Reduced level of revitalisation for the central city area than planned.</li> <li>Tauranga remains without a museum, requiring the city's taonga to remain in storage.</li> <li>Tauranga remains without a dedicated central city civic space – TCC continues to use the small temporary Council Chambers at 90 Devonport Road, and Tangata Whenua continue without a central city wharehenui for special events.</li> </ul>
Tangata Whenua		<ul style="list-style-type: none"> <li>Compromises the cultural licence for the Te Manawataki o Te Papa development<sup>6</sup></li> <li>Very significant negative impact on relationship with Tangata Whenua, particularly if the Civic Whare is not delivered as co-designed and planned. As joint owner of the land and TCC's main partner in TMoTP, the Trust would likely expect TCC not to make a unilateral decision to stop or pause all or part of the remaining TMoTP programme.</li> </ul>
Other partners		<ul style="list-style-type: none"> <li>Risk of reputational damage for Development Manager (Willis Bond) and Contractors (LTM and others) due to the length of association as key delivery partners for the TMoTP programme, including CWEM.</li> </ul>
Directly affected communities (e.g. tourism sector, CBD commercial)		<ul style="list-style-type: none"> <li>Risks a loss of confidence of private developers in the city, particularly the CBD, reducing potential private investment in the city centre.</li> <li>Risk of reduced interest from the tourism sector, due to removal of key cultural elements from the integrated precinct design and non-realisation of the Museum as a major new tourism product for the city.</li> </ul>
Current and future wider communities	<ul style="list-style-type: none"> <li>Positive response from current communities that do not support the project and/or</li> </ul>	<ul style="list-style-type: none"> <li>Negative response from current communities that wish the project to proceed.</li> </ul>

<sup>6</sup> Refer to Te Manawataki o Te Papa values, included in the Strategic Context section of this report.

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Consideration groupings	Advantages of option 2: stop CWEM project	Disadvantages and risks of option 2: stop CWEM project
	are seeking overall reduction in Council spend / rates bills.	<ul style="list-style-type: none"> <li>Risk of future Tauranga communities' dissatisfaction with the lack of facilities in the central city (lower future level of service than currently planned).</li> </ul>

99. Estimated financial impacts of Option 2, stopping the CWEM project and remediating the site, are summarised in the tables and commentary below:

- (a) Write-off of sunk costs (assumed to be debt-funded subject to a Council decision)
- (b) Significantly reduced capex (remaining landscaping to remediate the site would be the only capex)
- (c) Significantly reduced grant funding from external parties
- (d) Opex (to service the debt) about half of that of Option 1.

Two remediation options were considered and the financial impacts of each our summarised in the tables below.

**Option 2a: stop CWEM project and remediate with soft landscaping**

**Table 2a.1: Capital costs and funding profile [updated table]**

Option 2a: Stop CWEM and remediate site (soft landscaping)	Historic Cost (\$m)	2025 (\$m)	2026 (\$m)	2027 (\$m)	2028-34 (\$m)	Total Cost (\$m)
Actual/ Forecast Cost	0.0	0.0	1.8	1.8	1.8	5.5
LTP/ AP Cost	0.0	0.0	0.0	0.0	0.0	0.0
Non Rate Funded portion	0.0	0.0	0.0	0.0	0.0	0.0
Rate Funded portion	0.0	0.0	1.8	1.8	1.8	5.5

**Table 2a.2: Operating costs and funding profile [updated table]**

Option 2a: Stop CWEM and remediate site (soft landscaping)	2025 (\$m)	2026 (\$m)	2027 (\$m)	2028-34 (\$m)	2025-34 10yr LTP Total (\$m)
Operational Costs	34.9	-	-	-	34.9
Debt Servicing Costs	0.8	1.7	1.8	11.3	15.6
Debt Retirement Costs	1.4	1.4	1.4	9.0	13.2
<b>Total Actual/ Forecast Cost</b>	<b>37.1</b>	<b>3.1</b>	<b>3.2</b>	<b>20.2</b>	<b>63.7</b>
Revenue	-	-	-	-	-
Net Actual/ Forecast Cost	37.1	3.1	3.2	20.2	63.7
<b>Net Rates impact</b>	<b>2.2</b>	<b>3.1</b>	<b>3.2</b>	<b>20.2</b>	<b>28.8</b>

- (e) The ongoing cost of stopping the CWEM building construction at this stage is approximately **\$50 per ratepayer per annum** (for debt servicing costs), with no new or alternative facilities provided. There is no increase to the current level of service for current and future Tauranga communities.

**Option 2b: stop CWEM project and remediate with mainly hard landscaping, similar to the current Plaza design**

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**Table 2b.1: Capital costs and funding profile [updated table]**

Option 2b: Stop CWEM and remediate site (similar to current Plaza design)	Historic Cost (\$m)	2025 (\$m)	2026 (\$m)	2027 (\$m)	2028-34 (\$m)	Total Cost (\$m)
Actual/ Forecast Cost	0.0	0.0	2.5	2.5	2.5	7.5
LTP/ AP Cost	0.0	0.0	0.0	0.0	0.0	0.0
Non Rate Funded portion	0.0	0.0	0.0	0.0	0.0	0.0
Rate Funded portion	0.0	0.0	2.5	2.5	2.5	7.5

**Table 2b.2: Operating costs and funding profile [updated table]**

Option 2b: Stop CWEM and remediate site (similar to current Plaza design)	2025 (\$m)	2026 (\$m)	2027 (\$m)	2028-34 (\$m)	2025-34 10yr LTP Total (\$m)
Operational Costs	34.9	-	-	-	34.9
Debt Servicing Costs	0.8	1.7	1.8	11.9	16.2
Debt Retirement Costs	1.4	1.4	1.5	9.5	13.8
<b>Total Actual/ Forecast Cost</b>	<b>37.1</b>	<b>3.2</b>	<b>3.3</b>	<b>21.3</b>	<b>64.9</b>
Revenue	-	-	-	-	-
Net Actual/ Forecast Cost	37.1	3.2	3.3	21.3	64.9
<b>Net Rates impact</b>	<b>2.2</b>	<b>3.2</b>	<b>3.3</b>	<b>21.3</b>	<b>30.0</b>

- (f) The ongoing cost of stopping the CWEM building construction at this stage is approximately **\$53 per ratepayer per annum** (debt servicing costs), with no new or alternative facilities provided. There is no increase to the current level of service for current and future Tauranga communities.

**Option 3: Change the scale and scope of the project (pause the project)**

- 100. This option is to pause the Civic Whare, Exhibition and Museum project for a period of time, and to review the CWEM building’s scale and scope.
- 101. Option-specific assumptions:
  - A list of potential scope change examples has not been provided, as there was insufficient time for analysis to prepare reliable information on the consequences of these change. This would be undertaken if Council decides to proceed with this option.
- 102. Advantages and disadvantages of this option are largely dependent on the degree of change and time required to plan and implement them. Comments below are indicative only:

Consideration groupings	Advantages of option 3: change scale and scope	Disadvantages and risks of option 3: change scale and scope
Legal	Unknown	<ul style="list-style-type: none"> <li>• Likely to require some signed contracts to be amended due to time required to rescope &amp; redesign (level of impact on other existing contracts will depend on the degree of change).</li> <li>• May require an LTP Amendment (i.e. formal community consultation) to action, due to</li> </ul>

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Consideration groupings	Advantages of option 3: change scale and scope	Disadvantages and risks of option 3: change scale and scope
		<p>proposed change in future level of service.</p> <ul style="list-style-type: none"> <li>• Risk of legal challenges from, delivery partners, funders and/or other supporters in the community.</li> </ul>
Financial	Unknown	<ul style="list-style-type: none"> <li>• Loss of sunk costs (costs already incurred) of \$20m.</li> <li>• Some break costs likely.</li> <li>• If proceeding as designed or redesigned at a later date, cost escalation due to re-fixing contracts.</li> </ul>
Funding	Unknown	<ul style="list-style-type: none"> <li>• DIA \$12.1m funding (already applied to design of CWEM) will likely need to be repaid to DIA – as the design will not proceed to construction. DIA may fund an alternative in the future, but not guaranteed.</li> <li>• Potential of external funding for the wider TMoTP project being withdrawn due to delays and/or loss of confidence, as well as actual scope/scale change (TECT \$21m, local funders).</li> </ul>
Economic	Unknown	<ul style="list-style-type: none"> <li>• Economic benefits of wider TMoTP programme potentially not fully realised, estimated at \$513m to \$1,370m NPV over next 60 years (per TMoTP Business Case, GHD)<sup>7</sup></li> </ul>
Council	Unknown	<ul style="list-style-type: none"> <li>• Potential for reputational damage to Council, seen as not keeping promises made.</li> <li>• Potential for reputational damage from non-delivery of this core element of Te Manawataki o Te Papa, after receiving a national award for the programme.<sup>8</sup></li> </ul>
TMoTP delivery and outcomes	Unknown	<ul style="list-style-type: none"> <li>• Alternative design / scope likely to be of lesser scale, or in some way reduced to reduce costs, potential for non-delivery or partial delivery of TMoTP outcomes due to the integrated</li> </ul>

<sup>7</sup> Te Manawataki o Te Papa Business Case, July 2023 (page 10 of business case, page 20 of PDF): [https://infocouncil.tauranga.govt.nz/Open/2023/07/CO\\_20230724\\_ATT\\_2510\\_EXCLUDED.PDF](https://infocouncil.tauranga.govt.nz/Open/2023/07/CO_20230724_ATT_2510_EXCLUDED.PDF)

<sup>8</sup> Te Manawataki o Te Papa – the Heartbeat of Te Papa was awarded the 2023 Taituarā ‘Te Tohu Waka Hourua – The Buddle Findlay Award for Māori-Council Partnerships’, refer: [https://taituara.org.nz/Story?Action=View&Story\\_id=504](https://taituara.org.nz/Story?Action=View&Story_id=504)

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Consideration groupings	Advantages of option 3: change scale and scope	Disadvantages and risks of option 3: change scale and scope
		nature of the current TMoTP design.
Tangata Whenua	Unknown	<ul style="list-style-type: none"> <li>• Risk of compromising the cultural licence for the Te Manawataki o Te Papa development<sup>9</sup></li> <li>• Risk of significant negative impact on relationship with Tangata Whenua.</li> <li>• Risk of significant negative impact on relationship with Tangata Whenua, particularly if the Civic Whare is not delivered as co-designed and planned. As joint owner of the land and TCC's main partner in TMoTP, the Trust would likely expect TCC not to make a unilateral decision to stop or pause all or part of the remaining TMoTP programme.</li> </ul>
Other partners	Unknown	Unknown
Directly affected communities (e.g. tourism sector, CBD commercial, The Elms)	Unknown	<ul style="list-style-type: none"> <li>• Risks a loss of confidence of private developers in the city, particularly the CBD, reducing potential private investment in the city centre.</li> <li>• Risk of reduced interest from the tourism sector, due to removal of key cultural elements from the integrated precinct design and non-realisation of the Museum as a major new tourism product for the city.</li> </ul>
Current and future wider communities	<ul style="list-style-type: none"> <li>• Positive response from current communities that do not support the project and/or are seeking overall reduction in Council spend / rates bills.</li> </ul>	<ul style="list-style-type: none"> <li>• Negative response from current communities that wish the project to proceed.</li> <li>• Future communities may have lower level of service than currently planned, potential dissatisfaction with lack of these facilities in the central city.</li> </ul>

103. We are unable to determine the financial impacts of this option with any degree of accuracy because of the large number of unknowns. However, in their advice to council, Rider Levett Bucknall have provided some useful information around some potential option 3 scenarios. Their advice, and an understanding of the likely funding implications of a re-scoped CWEM, suggest that the key financial elements of option 3 are:

<sup>9</sup> Refer to Te Manawataki o Te Papa values, included in the Strategic Context section of this report.

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- any decision-making delays are likely to incur additional costs in the range of a million dollars a month
  - because of delays and escalation, current contractual commitments, re-design, and re-procurement any rescope of the CWEM building would need to reduce scale by at least 30% of gross floor area to have a comparable capital cost to Option 1 (status quo)
  - such a reduction in scale is likely to put existing funding streams at considerable risk
  - a smaller CWEM building would likely have lower direct operating costs, but if capex was comparable to Option 1 (status quo) then depreciation would be similar and if external funding was reduced then debt and therefore debt servicing could feasibly be higher.
104. Taken together, a delayed and then re-scoped smaller CWEM would feasibly have a higher net cost to council than Option 1 (status quo) both in debt and opex.