

Mā tō tātou takiwā
For our District

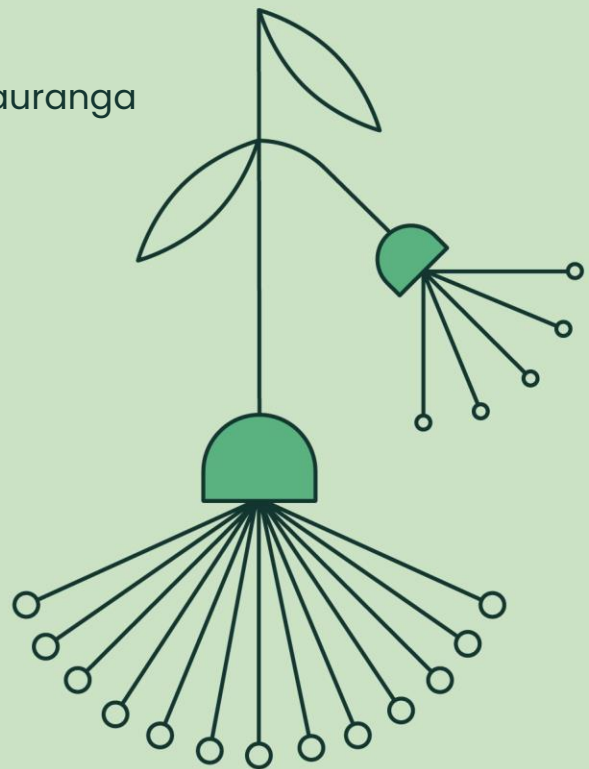
Projects and Monitoring Committee

Kōmiti Whakakaupapa me Aroturuki

PMC24-2

Tuesday, 4 June 2024, 9.30am

Council Chambers, 1484 Cameron Road, Tauranga



Projects and Monitoring Committee

Membership:

Chairperson	Cr Don Thwaites
Deputy Chairperson	Cr Allan Sole
Members	Cr Tracey Coxhead TBC Cr Grant Dally Mayor James Denyer Cr Murray Grainger Cr Anne Henry Cr Rodney Joyce Cr Margaret Murray-Benge Deputy Mayor John Scrimgeour Cr Andy Wichers
Quorum	Six (6)
Frequency	Quarterly

Role:

- To monitor and review the progress of the Council's activities, projects and services.

Scope:

- To monitor the effectiveness of Council and agency service agreements / contracts.
- To monitor the implementation of Council's strategies, plans and policies, and projects as contained in the Long Term Plan or Annual Plan.
- To monitor agreements between Tauranga City Council and Western Bay of Plenty District Council and recommend to the respective Councils any changes to agreements, as appropriate.
- To monitor the on-going effectiveness of implemented joint projects, plans, strategies and policies with Tauranga City Council.
- To monitor performance against any Council approved joint contracts with Tauranga City Council and/or other entities.

- Monitor performance against the Priority One approved contract.
- Subject to agreed budgets and approved levels of service, make decisions to enable delivery of the operational and capital programme of Council.

Power to Act:

To make decisions to enable and enhance service delivery performance, in accordance with approved levels of service and subject to budgets set in the Long Term Plan or any subsequent Annual Plan.

Power to Recommend:

To make recommendations to Council and/or any Committee as it deems appropriate.

Power to sub-delegate:

The Committee may delegate any of its functions, duties or powers to a subcommittee, working group or other subordinate decision-making body, subject to the restrictions on its delegations and provided that any sub-delegation includes a statement of purpose and specification of task.

Notice is hereby given that a Projects and Monitoring Committee Meeting will be held in the Council Chambers, 1484 Cameron Road, Tauranga on: Tuesday, 4 June 2024 at 9.30am

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1 KARAKIA

Whakatau mai te wairua	Settle the spirit
Whakawātea mai te hinengaro	Clear the mind
Whakarite mai te tinana	Prepare the body
Kia ea ai ngā mahi	To achieve what needs to be achieved.
Āe	Yes

2 PRESENT**3 IN ATTENDANCE****4 APOLOGIES****5 CONSIDERATION OF LATE ITEMS****6 DECLARATIONS OF INTEREST**

Members are reminded of the need to be vigilant and to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest that they may have.

7 PUBLIC EXCLUDED ITEMS**8 PUBLIC FORUM**

A period of up to 30 minutes is set aside for a public forum. Members of the public may attend to address the Board for up to five minutes on items that fall within the delegations of the Board provided the matters are not subject to legal proceedings, or to a process providing for the hearing of submissions. Speakers may be questioned through the Chairperson by members, but questions must be confined to obtaining information or clarification on matters raised by the speaker. The Chairperson has discretion in regard to time extensions.

Such presentations do not form part of the formal business of the meeting, a brief record will be kept of matters raised during any public forum section of the meeting with matters for action to be referred through the customer relationship management system as a service request, while those requiring further investigation will be referred to the Chief Executive.

9 PETITIONS

9.1 ROCKY CUTTING ROAD PETITION

File Number: A6189036

Author: Sam Prendergast, Roding Engineer – East

Authoriser: Calum McLean, Director Transportation

EXECUTIVE SUMMARY

Concerned residents have submitted a petition to Council requesting improvements to Rocky Cutting Road. This report outlines and discusses each of the resident's concerns and requests.

RECOMMENDATION

1. That the Roding Engineer's report dated 4 June 2024 titled 'Rocky Cutting Road Petition' be received.
2. That the report relates to an issue that is considered to be of **low** significance in terms of Council's Significance and Engagement Policy.
3. That the Projects and Monitoring Committee does not approve the development and delivery of a seal widening and safety improvements project on Rocky Cutting Road independent of Council's pavement rehabilitation programme.

BACKGROUND

Under Standing Orders, Committees may receive a petition if the subject matter falls within the terms of reference for the intended meeting. The petition presented relates to the condition of Rocky Cutting Road and requests that improvements be implemented. The petition fits within the Project and Monitoring Committee's terms of reference.

Residents of Rocky Cutting Road have submitted a petition (**Attachment 1**) detailing several concerns regarding the condition of Rocky Cutting Road and claiming that within the last two years there has been an increase in traffic volume that has resulted in near misses between trucks and speeding drivers.

The petition requests that Council undertake repairs and road improvements as follows:

1. ***"Undertake urgent, good quality road repairs to potholes and broken edges (especially approaching and exiting the narrow corner before no. 185)."***

Council's road maintenance contractor inspected the road and completed pothole and edge break repairs. Council staff undertook a further inspection and identified additional faults that had not been repaired as per Council's current levels of service. These have now been logged and are programmed to be fixed. The response time within Council's current level of service for potholes and edge break

repairs is four weeks. The contractor will continue to monitor the area for developing faults.

A section of Rocky Cutting Road, (from the sharp corner just north of property no. 185 Rocky Cutting Road to property no. 253) will be resurfaced in the next 4-5 years, which will extend the life of the pavement.

2. *“Undertake regular gutter and drain cleaning.”*

Council’s road maintenance contractor inspected the road and removed branches and other detritus from the water table. Council staff completed a further inspection and identified that detritus build-up in the kerb channel exceeded Council’s current level of service which is a response time of one week. Sweeping to clear the channels of detritus has been programmed.

3. *“Install 50km/h speed limit signs at the top and bottom of the road (it is presently open speed limit, coming off an 80km/h zone on Welcome Bay Road).”*

In April 2024, the Strategy & Policy committee adopted the Speed Management Plan (SMP) which supersedes the Speed Limits Bylaw 2020. The SMP does not propose any changes to the permanent speed limit on Rocky Cutting Road which will remain at 100kph.

4. *“Install a mirror at the Welcome Bay Rocky Cutting Road intersection to improve visibility and safety.”*

A mirror in this location is not recommended for the following reasons:

- In high-speed areas mirrors can be misleading because it is more difficult for drivers to accurately judge speed and distance.
- At night mirrors reflect headlights and can be distracting to road users.
- Mirrors are often damaged (by vandals or by accident), and reflectivity deteriorates over time from exposure to environmental conditions.
- It is difficult to achieve the optimal location/angle to address the visibility issue.

5. *“Install anti-dumping signs at strategic locations.”*

Environmental Solid Waste staff report that illegal dumping on Rocky Cutting Road has declined but that signage may be provided at strategic locations on Rocky Cutting Road. Illegal dumping includes larger items like appliances or tyres and not general litter. Council does not have a rural roadside litter pick up service.

6. *“Widen the road the corner before no. 185.”*

On this section of Rocky Cutting Road, the seal width is average 5.7m wide. On 31 December 2022, the Average Annual Daily Traffic Volume (AADT) was 400 vehicles per day (vpd) with 5% being measured as heavy vehicles. This equates to a passenger car equivalent (PCE) of 500.

Council's Development code specifies that a road with 201–500 PCE should have carriageway width of minimum 6.5m wide therefore Rocky Cutting Road does not currently comply with the Development Code. However, it is important to note that there are many roads across the district that do not comply with the Development Code because it is not economically feasible to widen every non-compliant section.

The cost of widening a 700m long section of carriageway over the 700m will be approximately \$500,000 however the cost may be greater if property acquisition is necessary to facilitate geometric widening, if retaining structures are necessary to stabilise banks, and if the works are not undertaken concurrent to pavement rehabilitation.

When a road pavement reaches the end of its life, rehabilitation work is undertaken to restore the pavement to new condition. Road widening and other safety improvements are often conducted at the same time because it is more cost effective to deliver these works under one project. Council rarely undertakes a seal widening project when the existing pavement is considered to have remaining life.

The section of Rocky Cutting Road from the sharp corner just north of 185 Rocky Cutting Road to approximately 253 Rocky Cutting Road, is programmed to be re-sealed in the next 4–5 years, however, there are no rehabilitation projects currently programmed for Rocky Cutting Road.

If widening works were to be undertaken along Rocky Cutting Road, this funding would need to be diverted from other projects.

SIGNIFICANCE AND ENGAGEMENT

In terms of the Significance and Engagement Policy this decision is considered to be of low significance because it will only affect the residents and road users of Rocky Cutting Road.

ENGAGEMENT, CONSULTATION AND COMMUNICATION

Interested/Affected Parties	Planned Engagement/Consultation/Communication		
Name of interested parties/groups	Rocky Cutting Road residents and ratepayers.		
Tangata Whenua	Waitaha, Ngāti Pūkenga, Ngāi te Rangi – Ngā Pōtiki		Planned

General Public	N/A		
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ISSUES AND OPTIONS ASSESSMENT

<p>Option A</p> <p>That the Projects and Monitoring Committee does <u>not</u> approve the development and delivery of a seal widening and safety improvements project on Rocky Cutting Road independent of Council’s pavement rehabilitation programme.</p>	
<p>Assessment of advantages and disadvantages including impact on each of the four well-beings</p> <ul style="list-style-type: none"> • Economic • Social • Cultural • Environmental 	<p>Advantages:</p> <ul style="list-style-type: none"> • It will not be necessary to divert funding from other projects. <p>Disadvantages:</p> <ul style="list-style-type: none"> • Rocky Cutting Road residents are likely to be dissatisfied with the outcome. • Rocky Cutting Road will continue to be non-compliant with the Development Code. • The risk of collisions on this section of Rocky Cutting Road will not be reduced.
<p>Costs (including present and future costs, direct, indirect, and contingent costs).</p>	<p>Rocky Cutting Road will continue to be maintained within the existing levels of service at approximately \$10,000 per annum.</p>
<p>Option B</p> <p>That the Projects and Monitoring Committee approves the development and delivery of a seal widening and safety improvements project on Rocky Cutting Road independent of Council’s pavement rehabilitation programme.</p>	
<p>Assessment of advantages and disadvantages including impact on each of the four well-beings</p> <ul style="list-style-type: none"> • Economic • Social • Cultural • Environmental 	<p>Advantages:</p> <ul style="list-style-type: none"> • Rocky Cutting Road residents are likely to be satisfied with the outcome. • The risk of collisions on this section of Rocky Cutting Road will be reduced. • Following the project, Rocky Cutting Road will meet the width requirements within the Development code.

	<p>Disadvantages:</p> <ul style="list-style-type: none"> • There is currently no funding available for a seal widening project on Rocky Cutting Road. It would be necessary to divert funding from other projects. • Due to the nature and rural environment of Rocky Cutting Road, the widening project will hold significant cost.
<p>Costs (including present and future costs, direct, indirect, and contingent costs).</p>	<p>Estimated cost of \$700,000 to widen a 700m section of carriageway to 6.5m. Estimate includes allowance for retaining structures and property purchase.</p>

STATUTORY COMPLIANCE

The recommendation(s) meets:

- *Land Transport Management Act 2003*

FUNDING/BUDGET IMPLICATIONS

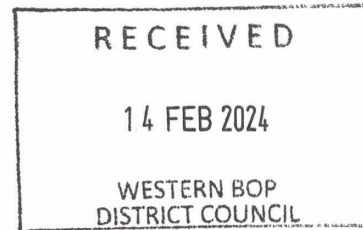
Budget Funding Information	Relevant Detail
	<p>There is currently no funding available for a seal widening project on Rocky Cutting Road. It would be necessary to divert funding from other projects.</p>

ATTACHMENTS

1. **Rocky Cutting Road Petition**  

Petition for Improvements on Rocky Cutting Road

To: Western Bay District Council, Tauranga City
From: The Residents of Rocky Cutting Rd, Waitao
Date: August 2023

**Background:**

In the past two years, there has been a marked increase in the number of traffic near-misses on Rocky Cutting Rd, especially involving trucks and speeding drivers.

Drivers are often forced onto the road verge, sometimes damaging tires and wheels.

We believe it is only a matter of time before a serious accident occurs.

The road has also fallen into significant disrepair.

The Council has patched the potholes and broken edges on a regular basis; but the repairs seldom last more than a few weeks.

The recent subsidences in the road have been caused in part by blocked gutters and drains.

There has also been a marked increase in the number of people dumping rubbish on the side of the road. It is usually left to the residents to clean it up.

Petition:

This petition respectfully requests the WBDC to:

In the short term:

- Undertake urgent, good quality road repairs to potholes and broken edges (especially approaching and exiting the narrow corner before 185))
- Undertake regular gutter and drain cleaning
- Install 50km/h speed limit signs at the top and bottom of the road (it is presently open speed limit, coming off an 80km/h zone on Welcome Bay Rd).
- Install a mirror at the Welcome Bay Rocky Cutting road intersection to improve visibility and
- safety.
- Install anti-dumping signs at strategic locations

In the medium term:

- Widen the road at the corner before no.185

10 PRESENTATIONS

11 REPORTS

11.1 OPERATIONAL RISK AND SCORECARD REPORT QUARTERLY UPDATE ENDING 31 MARCH 2024

File Number: A6265619

Author: Rod Barnett, Management Accountant

Authoriser: Cedric Crow, General Manager Infrastructure Services

EXECUTIVE SUMMARY

The purpose of this report is to present the Scorecard report for Quarter 3 ending 31 March 2024, and to advise the Projects and Monitoring Committee on Infrastructure and Regulatory matters.

RECOMMENDATION

That the Management Accountant's report, dated 4 June 2024 titled 'Operational Risk and Scorecard Report Quarterly Update Ending 31 March 2024' be received.

BACKGROUND

SCORECARD REPORT

The Scorecard report for the period ending 31 March 2024 is attached, refer **Attachment 1**. The executive summary of that report notes trends and provides commentary. The first section of the Scorecard provides growth monitoring statistics and additional lots. Part two provides a summary on progress with the work programme. Note this Scorecard Report does not include financial information as that is being reported to the Audit and Risk Committee.

We are interested in feedback on the format of the Scorecard report and the information that it contains to make changes to provide the level and type of performance reporting that the Committee requires. We note that improved detail is required in the narrative in each section, and this will be improved in the next iteration.

OPERATIONAL RISK AND STATUS TABLE

The operational risk table has been developed to show:

- Project or activity;
- Brief description of the risk and why it has arisen;
- Type of risk (e.g., timing, financial, service delivery);
- Project or topic status update;
- Items that the Committee needs to be aware of; and
- Traffic light system:

Green: Operational item, for information;

Orange: Potential to escalate, Council needs to be aware; and

Red: High risk, Council direction may be required.

This is an up-to-date status and forward-looking report and may supersede the comments in the Scorecard Report. Additional information and topics may be provided at the meeting.

<p>TOPIC AND DESCRIPTION</p>	<p>RISK TYPE & RISK LEVEL</p>
<p>Transportation Maintenance Activity</p> <p>Progress continues with the short-term maintenance and delivery strategy. Cyclic and emergency resources are well established and there has been a 40% reduction (on average) in customer requests. Capital programmes have been developed and procured, and the resurfacing and pavement rehabilitation packages are largely complete. Both Opex and Capex budgets are expected to be fully expended.</p> <p>Staff are still working on the close out of the previous ONMC contract. Challenges relating to design information and data sharing may impact next year’s seal extension, LCLR and resilience projects. Design is well underway for the 24/25 resurfacing and pavement rehabilitation programmes and procurement is expected to commence in July.</p> <p>The S17a review has been completed and the recommendations adopted by Council. Further workshops with elected members will be required to work through levels of service, contract models and performance frameworks. Staff are currently developing a procurement strategy which will be submitted to NZTA (Waka Kotahi) for endorsement.</p> <p>The Transportation team has been reorganised and has a new structure. Recruitment of vacant positions will commence in June.</p>	<p>LCLR – Underspend Design Delays</p>
<p>No. 1 Road Pavement Rehabilitation and Seal Widening (RP300 – 1930)</p> <p>Progress has been impeded by the failure of the ONMC contractor to provide copies of electronic data relating to the project. All site investigation and survey work activities have been completed.</p> <p>Design and consenting activities are well advanced and will be completed once the stormwater design has been approved by BoPRC and appropriate mitigation has been agreed with affected landowners. Engagement with BoPRC and affected landowners is progressing well.</p>	<p>Supplier Availability Service Delivery Timing</p>

<p>The risk of further pavement deterioration will be mitigated by the application of additional heavy maintenance treatments prior to the onset of winter.</p> <p>Upon completion of the design and consenting, staff will workshop the phasing and programme. This will focus on delivering the works in one or two seasons, with heavy consideration given to traffic management and delays.</p>	
<p>No. 4 Road Bridge Reinstatement</p> <p>Progress has been impeded by failure of ONMC contractor to provide copies of electronic data relating to the project.</p> <p>All site investigation and survey activities have been completed.</p> <p>Development of the design is progressing well, and activities required for consenting project have commenced.</p> <p>The location of the new bridge has been changed to the west-side of the Bailey bridge to overcome technical challenges such as:</p> <ul style="list-style-type: none"> • Geometrical alignment • Impact on road users during construction • Future operation and maintenance hazards • Construction duration <p>There is not expected to be a significant impact on cost.</p>	<p>On-Track</p>
<p>SH2 Omokoroa Road Interim Intersection Upgrade</p> <p>Works</p> <p>Physical works has started with the removal of trees and some site clearance. The project team is working on methodology, programme, and procurement. The project team has had a reset with Council taking a greater lead with the external utilities' conversations and procurement/phasing of works. Further consultations will be undertaken wants the procurement strategy is finalised and there is a commitment from the external utilities.</p> <p>Land Purchase</p> <p>Two land parcels are required. Staff are in discussion with the owners' agents around details and costs.</p> <p>Stormwater Discharge</p>	<p>Land Purchase</p> <p>Network Utility (PowerCo)</p> <p>Consents</p>

<p>The project requires a stormwater discharge consent from BOP Regional Council now and land is required for a treatment pond. Staff are progressing discussions with landowners for acquisition of land. This is causing a delay.</p> <p>Property Access/Procurement</p> <p>The alternative Youngson Road property access is currently unresolved, and the designers have been tasked to look at feasibility of alternatives based on the affected landowners’ feedback.</p> <p>Overhead Power Supply</p> <p>There is a risk associated with the relocation of the existing overhead power lines, which are conflicting with the planned earthworks, as they may require temporary relocation into private properties. PowerCo are working on designs for the temporary relocation of overhead lines, the planned undergrounding of existing lines and working with Council to secure a potential new substation site on Omokoroa Road. Unfortunately, PowerCo has indicated a 12-week delay which has significantly impacted the project.</p> <p>Fibre Optics</p> <p>There is a risk of relocating the three fibre optics cables. Council and Beca is working with all three providers to obtain a commitment to relocating the cables.</p>	
<p>Waihi Beach Stormwater</p> <p>Significant progress has been made on the maintenance programme and most activities has been completed. Sites are in the concept and design phase, as agreed with the community liaison group. Modelling continues to assist with option analysis, concept design and feasibility. Regular meetings are held with the Community liaison group to ensure we are developing a joint approach. Once the modelling is complete, staff will need to workshop with elected members – modelling vs levels of service. Staff are now ready to have a workshop in this regard. Once elected members have made a decision on projects and funding. A procurement strategy can be developed.</p> <p>Waihi Beach Waste Water Treatment Plant</p> <p>Staff continue to work through the detail for the repair and upgrade of the Waihi Beach Waste Water Treatment Plant. Steady progress has been made on the design, which includes re-establishment of a single cell HDPE lined SAS lagoon with improved aeration and refurbished decant facility. Further to this, various upgrades to optimize the plant and improve the</p>	<p>Further Site Deterioration</p> <p>Weather</p>

<p>risk profile. Progress has been made with the insurer and a commercial settlement has been reached. LTP budgets will have to be adjusted to incorporate this settlement.</p>	
<p>Katikati Wastewater Treatment Plant (WWTP) Outfall Pipeline</p> <p>Council has a consent to discharge wastewater to the ocean at its Katikati WWTP. A pipe runs from the plant underneath Tauranga harbour, Matakana Island and then out to sea. The pipe has had four failures since 2018, with three of these occurring in the last 12 months. The consequence of the pipe failure is that treated effluent leaks into the harbour. This is an unconsented activity and may lead to legal action from BOP Regional Council. The discharge of treated effluent is also a culturally sensitive issue.</p> <p>A condition assessment report on the recent break suggests the pipeline has less than 5 years of remaining useful life, and further failures can be expected in this time. Previous reports (2019) suggested this pipe would not fail again prior to 2050. Water Services have engaged Beca to provide a cost estimate for replacement of the pipe and to consider alternatives.</p> <p>Staff will also be liaising with the Katikati Wastewater Advisory Group (WWAG) to discuss the issues and available options. Land discharge options are currently being investigated for potential future discharge, however, following consultation with WWAG, Water Services will be in a better position to make recommendations on the most appropriate solution.</p> <p>An IOP has been discussed with Council as part of the LTP process to agree a way forward. A small leak was picked up in compliance testing, but the leak could not be found. A significant leak was picked up in the middle of May and divers are on site fixing the leak.</p> <p>The plant is struggling to meet compliance with the resource consent and an upgrade is required. Tenders are being evaluated to progress the construction.</p> <p>There is a high risk that the Regional Council may respond to the leak and the non-compliance.</p>	<p>Financial Timing</p> <p>Regulation Enforcement</p> <p>Reputation</p>
<p>Te Puke Wastewater Treatment Plant (WWTP)</p> <p>The project is under pressure with the project team working to resolve various concerns and to get the project back on track.</p> <ul style="list-style-type: none"> Budget – High construction escalation over the last couple of years and availability of material as resulted in a need to increase the budget. Discussions are underway with the ECI contractor to investigate alternative process technology to reduce the infrastructure requirements and resulting cost. At this stage, this looks like a viable alternative. Staff will communicate further on this matter once sufficient information is available. 	<p>BOPRC – Compliance</p>

<ul style="list-style-type: none"> • Consultant Performance – The consultant’s performance is a concern. Staff working diligently with the designer to get them back on track and resolve outstanding variations. The designer has submitted significant variation orders that are being reviewed by external specialists and legal experts. • Consent – The earthworks consent has been obtained. This allows earthworks to start once the design is complete. • Iwi –Significant progress has been made with the relationship with iwi. <p>All of the above will have an impact on project completion and cost. Adjustments has been made in the proposed LTP budgets to accommodate the high construction escalation and other delays.</p>	
<p>Rangiuru Business Park</p> <p>Quayside Properties Ltd continue to progress development of the Rangiuru Business Park. Quayside delivered contracts on behalf of Council which are well established and underway. Positive progress has been made with the interchange, wetland, utilities and internal road corridor within RBP.</p> <p>Staff continue in discussions with Quayside Properties Ltd regarding the Rangiuru Financial Contributions methodology and other requirements outlined in the district plan. Further to this, staff are taking an active role in supporting Quayside with other funding opportunities at both regional and sub-regional levels.</p>	On-Track
<p>Drinking Water Compliance</p> <p>The implementation of new legislation regarding drinking water has required Council to improve various components of the drinking water system, including its treatment. It should be noted that none of Councils supplies are compliant with the protozoa requirement. This will be resolved once UV installations are complete. The UV installations are budgeted for in future years and staff are considering options to fast track the implementation.</p> <p>Floride update</p> <p>Athenree & Wharawhara WTP upgrade works (which includes fluoridation) is currently out for tender with the expectation of awarding end June.</p> <p>The final design and updated financials from the tender process will inform the funding agreement with the Ministry of Health.</p>	Regulation Enforcement Financial Timing

<p>Heron Crescent</p> <p>The tender for the 26 units to be built at Heron Crescent has been awarded to iLine Construction. Application for building consent has been lodged and resource consent has been issued. The building consent has been lodged and is being processed.</p> <p>Blessing of the site was carried out on 20 May in preparation for site works to begin.</p>	<p>Timing</p>
<p>Resource Consents of Interest</p> <ul style="list-style-type: none"> • Te Puna Industrial Ltd- Notified Land use application (joint BOPRC and WBOPDC). Joint hearing to be heard by Independent Commissioners, has been deferred until June 2024. • Wolfbrook Residential Ltd - Several Land use applications for 4-6 residential units in Te Puke, being processed or recently granted. • AP Properties Tauranga 2016 LP – Land use and subdivision consents for a five-lot subdivision Seddon Street, Te Puke. • Western Bay of Plenty District Council – Heron Crescent Elder housing Land use consent granted by Independent Commissioner 12 January 2024. • 24 Middlebrook Road, Katikati- Kainga Ora construction of 18 dwellings and subsequent freehold subdivision 	<p>Public Interest</p>
<p>Ōmokoroa School development</p> <ul style="list-style-type: none"> • Ministry of Education representatives have recently confirmed that there will be a new school in Ōmokoroa in the future however it will not be in the time frame that was initially announced. This development is paused as all Ministry-led property projects in pre-construction are being reviewed and the Ōmokoroa New Schools have been included in this review. These reviews are looking at cost efficiencies, need and timing for the delivery of Ministry projects. 	<p>Public Interest</p> <p>Timing</p>

ATTACHMENTS

1. **Scorecard Report Ending 31 March 2024**  
2. **Capital Works Presentation**  

12 INFORMATION FOR RECEIPT

12.1 ELDER HOUSING – RINGFENCED ACTIVITY UPDATE

File Number: A6140792

Author: Allan Carey, Finance Business Partner Lead

Authoriser: Cedric Crow, General Manager Infrastructure Services

EXECUTIVE SUMMARY

The purpose of this information report is to provide Council with a financial update on the Elder Housing activity based on the latest information included in the Long Term Plan 2024-34.

As part of the Long Term Plan 2021-31, Council staff prepared a Section 17a Review of the Elder Housing Activity. The key factors identified for the review were the financial sustainability of the activity, maintaining affordable rents for tenants, being able to provide fit for purpose accommodation for modern living needs, with a focus on tenants over 65 years who had limited means.

As part of Council's Financial Strategy, the Elder Housing activity is ringfenced. This means that the revenue from rental income covers the expenditure including interest costs over time. Timing of debt based on the ability to cover the repayments is a key consideration for the activity. Sourcing external funding where possible provides the best opportunity for long term sustainability.

BACKGROUND

1. In February 2021, a review of the Elder Housing Activity (Local Government Act Section 17a) report was presented to Council. A group of elected members were involved with the review. The key factors in the review were:
 - (a) Providing a financial sustainable service;
 - (b) Maintaining affordability for tenants;
 - (c) Being able to provide accommodation that is fit for purpose for modern living needs, and
 - (d) Ensuring the accommodation continues to provide for people aged over 65 years, and of limited means.

2. Since the review was completed, Council has received "Better off" funding of \$4.6m available to Councils as part of the Three Waters engagement with Council, and \$6.5m funding from the Ministry of Housing and Urban development to enable the development of 26 units at Heron Crescent. This development is now underway and due to be completed by September 2025.

3. The long term strategy is to increase the number of houses available over the next 30 years.
4. *Current financial position:*

The Elder Housing portfolio currently has debt of \$2.6m as at May 2024. This is made up of:

 - (a) The initial loan for upgrades to the Elder Housing units to comply with Healthy Homes requirements was taken out in 2002 for (\$399K) over 30 years and now has a balance of (\$177k) and is due to be fully repaid in 2031.
 - (b) An additional loan was drawn down for the Katikati Beach Road development for (\$1.6m) over 25 years and is due for the first repayment in 2024.
 - (c) The current account of (\$824K) for the Elder Housing activity is made up of operating deficits since 2015 and is a combination of increased operating & maintenance costs and rentals not being increased sufficiently in prior years (before the 2021 review). This is being addressed over time.
5. The additional 26 new units at Heron Crescent generate new rentals from 1 September 2025 (without the need for debt) enables the Elder Housing activity to return annual surpluses. The increased revenue provides the revenue required to repay all loans and current balance outstanding by 2030 (if new rentals are applied at the maximum rate per the current policy).
6. The Balance Sheet of the current and committed units (including Heron Crescent coming online from 1/9/25) gives a forecast position as follows over the LTP period with Net Assets growing from \$18.8m to \$24.8m. This includes repayment of the overdrawn current account and meeting existing commitments on the internal loans already drawn down.

Balance Sheet										
\$ NZD	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Assets										
<i>Current Assets</i>										
Cash	1,389,968	601,709	1,039,725	1,496,064	1,960,109	2,435,171	2,923,152	3,428,418	3,942,275	4,418,242
Accounts receivables	17,794	28,344	28,199	28,049	27,898	27,743	27,586	27,423	27,260	26,048
Total current assets	1,407,762	630,053	1,067,924	1,524,113	1,988,007	2,462,914	2,950,738	3,455,842	3,969,535	4,444,290
<i>Non-current Assets</i>										
Property, plant and equipment	19,216,738	21,577,714	21,401,290	21,229,985	21,835,622	21,665,284	21,499,983	22,027,581	21,864,270	21,705,913
Total non-current assets	19,216,738	21,577,714	21,401,290	21,229,985	21,835,622	21,665,284	21,499,983	22,027,581	21,864,270	21,705,913
Total Assets	20,624,501	22,207,768	22,469,214	22,754,098	23,823,629	24,128,199	24,450,721	25,483,423	25,833,805	26,150,203
Liabilities										
<i>Current liabilities</i>										
Accounts payable	6,029	7,687	7,850	7,982	8,143	8,294	8,427	8,581	8,735	8,893
Total current liabilities	6,029	7,687	7,850	7,982	8,143	8,294	8,427	8,581	8,735	8,893
<i>Non-current liabilities</i>										
Loan	1,748,451	1,707,674	1,664,745	1,619,552	1,571,976	1,521,891	1,469,163	1,413,655	1,355,219	1,293,701
Total non-current liabilities	1,748,451	1,707,674	1,664,745	1,619,552	1,571,976	1,521,891	1,469,163	1,413,655	1,355,219	1,293,701
Total liabilities	1,754,481	1,715,361	1,672,595	1,627,534	1,580,119	1,530,185	1,477,590	1,422,236	1,363,954	1,302,593
Net Assets	18,870,020	20,492,407	20,796,619	21,126,564	22,243,510	22,598,014	22,973,131	24,061,187	24,469,851	24,847,609

7. The Debt ratios give a forecast position as follows over the LTP period with Debt to Assets ratio reducing from 8.5% to 4.9% by 2034.

Performance Metrics										
Debt-to-Assets	8.5%	7.7%	7.4%	7.1%	6.8%	6.3%	6.0%	5.5%	5.2%	4.9%
Debt-to-Equity	9.3%	8.3%	8.0%	7.7%	7.1%	6.7%	6.4%	5.9%	5.5%	5.2%
Portfolio loan to value ratio (LVR)	9.1%	7.9%	7.8%	7.6%	7.2%	7.0%	6.8%	6.4%	6.2%	6.0%
LVR Headroom to target maximum	2,094,896	2,607,869	2,615,513	2,626,445	2,795,148	2,811,166	2,830,833	2,991,861	3,017,635	3,047,482
LVR Headroom to policy maximum	4,977,407	5,844,526	5,825,706	5,810,942	6,070,492	6,060,959	6,055,831	6,295,999	6,297,276	6,303,369

8. The current modelling does include capital renewals (average 90K funded by 100% Rental Income) but does NOT include future planned capital growth projects (funded by 100% Subsidies). The growth projects currently in the draft LTP that is being consulted on are in 2027 (\$810K), 2029 (\$923K) & 2031 (\$960K). It has been assumed that all future redevelopments will be assessed on a case-by-case basis and dependent on the availability of external funding.
9. If external funding was not available, the current Elder Housing portfolio could generate sufficient cash to service an additional \$6.5m in debt over a 25 year term based on current projections of rental income streams at the maximum rate under the current policy. This is also assuming that there are no significant changes in forecast cost commitments, stable interest rates at 5.6% and that any borrowing would not breach the overall council borrowing limits.

10. The Elder Housing portfolio Income and Expenses based on current and committed units with rentals set at the maximum of the current policy shows a significant surplus in 2025 + 2026 due to forecasted Subsidy Income related to the Heron Crescent development before showing a Surplus of \$304K in 2027 that steadily grows to \$378K in 2034.

Profit and Loss Statement										
\$ NZD	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Income										
Income from tenants	905,906	1,209,798	1,479,271	1,512,990	1,539,034	1,569,814	1,601,211	1,637,709	1,665,899	1,646,951
Income from grants	3,066,667	1,533,333	-	-	-	-	-	-	-	-
Total income	3,972,573	2,743,132	1,479,271	1,512,990	1,539,034	1,569,814	1,601,211	1,637,709	1,665,899	1,646,951
Expenses										
Repairs & maintenance	(435,382)	(446,079)	(454,555)	(463,191)	(471,992)	(480,664)	(489,316)	(498,124)	(507,090)	(516,217)
Electricity	(2,742)	(4,006)	(4,815)	(4,907)	(5,000)	(5,092)	(5,183)	(5,277)	(5,372)	(5,468)
Rates	(90,223)	(112,904)	(135,707)	(138,285)	(140,913)	(143,502)	(146,085)	(148,714)	(151,391)	(154,116)
Insurance charges	(55,878)	(69,925)	(84,048)	(85,645)	(87,272)	(88,875)	(90,475)	(92,104)	(93,761)	(95,449)
Other	-	-	-	-	-	-	-	-	-	-
Total direct costs	(584,226)	(632,914)	(679,124)	(692,028)	(705,176)	(718,133)	(731,059)	(744,218)	(757,614)	(771,251)
Consultants	(2,194)	(3,338)	(4,013)	(4,089)	(4,167)	(4,243)	(4,320)	(4,397)	(4,476)	(4,557)
Bad debts	(453)	(605)	(740)	(756)	(770)	(785)	(801)	(819)	(833)	(823)
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total other operating costs	(2,647)	(3,943)	(4,752)	(4,845)	(4,936)	(5,028)	(5,120)	(5,216)	(5,309)	(5,380)
Corporate overheads	(138,745)	(147,144)	(150,748)	(152,783)	(156,139)	(159,265)	(161,299)	(164,337)	(167,295)	(170,306)
Total corporate overhead costs	(138,745)	(147,144)	(150,748)	(152,783)	(156,139)	(159,265)	(161,299)	(164,337)	(167,295)	(170,306)
EBITDA	3,246,954	1,959,130	644,646	663,335	672,782	687,389	703,732	723,938	735,681	700,013
Depreciation	(198,623)	(247,076)	(262,854)	(259,172)	(255,793)	(261,577)	(258,216)	(254,956)	(259,601)	(256,381)
EBIT	3,048,331	1,712,054	381,992	404,162	416,990	425,812	445,516	468,983	476,080	443,632
Interest Payments	(102,915)	(89,667)	(77,780)	(74,217)	(71,935)	(71,309)	(70,398)	(68,893)	(67,417)	(65,874)
Operating surplus (deficit)	2,945,416	1,622,387	304,212	329,945	345,054	354,503	375,118	400,089	408,664	377,759

11. The Elder Housing modelling confirms that the activity remains sustainable over this Long Term Plan 2024-34. Council will have the option to consider potential new housing or upgrades to the portfolio dependent on:
- The availability of external funding,
 - The appetite to take on additional debt and,
 - Implementing rental increases over current levels in line with Council policy.

13 RESOLUTION TO EXCLUDE THE PUBLIC

RESOLUTION TO EXCLUDE THE PUBLIC

RECOMMENDATION

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 - Ōmokoroa Transfer Pipeline</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)(i) - 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>