

Release of Public Excluded Documents

Release of Public Excluded Documents from the Regional Council meeting 1 August 2024:

Tauranga City Centre Bus Layover Site - Options Assessment - Resolutions, Report and Attachment

1. Reports

**8.1 Released Public Excluded Report - Tauranga Transport Facility
- Council 1 August 2024 3**



Meeting: Regional Council, 1 August 2024

Agenda Item: 11.4, Tauranga City Centre Bus Layover Site - Options Assessment, A4711412

Resolved

That the Regional Council:

- 1 Receives the report, **Tauranga City Centre Bus Layover Site - Options Assessment;**
- 2 Approves the following option to manage off-street bus layovers in Tauranga's CBD:
 - a) Option one - corner of Spring and Durham Street (Staff Recommended Option)
- 3 In the event it endorses Option one, makes funding conditional on a letter of assurance from Tauranga City Council, signed by the Mayor, confirming its intent to:
 - (a) Construct a bus interchange at Durham Street South, and
 - (b) Not relocate the interchange from Durham Street South during the operational life of the layover site;
- 4 Delegates the Chief Executive to approve any lease agreement, contract approval and new borrowing in relation to the agreed option;
- 5 Approves the use of up to \$600K from the Regional Fund reserve to fund the 2024/25 operating impact and confirms the following funding option:
 - (a) This amount is repaid to the Regional Fund in 2025/26 through an increase in targeted and general rates
- 6 Confirms the public be excluded from consideration of this report and its attachment on the grounds set out in the Local Government Official Information and Meetings Act 1987 under Section 48(1)(a)(i) Section 7 (2)(h) as withholding the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities;
- 7 Confirms that the report and its attachment be released to the public on the Chief Executive's approval;
- 8 Confirms the decision has a medium level of significance as determined by the Council's Significance and Engagement Policy. Council has identified and assessed different options and considered community views as part of making the decision, in proportion to the level of significance.

Macmillan/Thurston
CARRIED

Confidential



Report To: Regional Council

Meeting Date: 1 August 2024

Report Writer: Oliver Haycock, Director, Public Transport; Andrew Williams, Manager, Transport Planning and Matthew Kilpatrick, Senior Transport Planner

Report Authoriser: Mat Taylor, General Manager, Corporate

Purpose: For Regional Council to consider options for bus layovers in Tauranga CBD

Tauranga City Centre Bus Layover Site - Options Assessment

Executive Summary

The Tauranga Central Business District (CBD) is undergoing a transformational programme of work to revitalise the city centre.

Tauranga City Council (TCC) have informed Regional Council that “laying over” buses in Tauranga CBD will not be supported in the future, as street space will be required for construction activity and the provision of additional street parking for cars.

This paper presents two options for managing bus layovers in Tauranga CBD:

- Option 1 - (staff recommended) construction and operation of an off-street bus layover facility, located at the corner of Spring and Durham Street.
- Option 2 - continue with current operational delivery arrangements.

Option 1 has been endorsed both by the Public Transport Committee (PTC) on 12 June 2024 and the Tauranga Public Transport Joint Committee (TPTJC) on 4 June 2024, and is now being elevated to the Regional Council for consideration and approval.

This paper outlines both options, including the increased costs for Option 1, which are currently unbudgeted.

Recommendations

That the Regional Council:

- 1 Receives the report, Tauranga City Centre Bus Layover Site - Options Assessment;**

REGIONAL COUNCIL

1 AUGUST 2024

Item 11.4 Public Excluded

- 2 Approves one of the following options to manage off-street bus layovers in Tauranga's CBD:
 - Option 1 - corner of Spring and Durham Street (Staff Recommended Option), or
 - Option 2 - continue with current operational delivery arrangements;
- 3 In the event it endorses Option 1, makes funding conditional on Tauranga City Council confirming its intent via Council resolution to:
 - (a) Construct a bus interchange at Durham Street South, and
 - (b) Not relocate the interchange from Durham Street South during the operational life of the layover site;
- 4 Delegates the Chief Executive to approve any lease agreement, contract approval and new borrowing in relation to the agreed option;
- 5 Approves the use of up to \$600K from the Regional Fund reserve to fund the 2024/25 operating impact and confirms one of the following funding options, either:
 - (a) That the Regional Fund amount is not repaid, Or
 - (b) This amount is repaid to the Regional Fund in 2025/26 through an increase in targeted and general rates, Or
 - (c) This amount is repaid to the Regional Fund over a five year period starting in 2025/26 through an increase in targeted and general rates;
- 6 Confirms the public be excluded from consideration of this report and its attachment on the grounds set out in the Local Government Official Information and Meetings Act 1987 under Section 48(1)(a)(i) Section 7 (2)(h) as withholding the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.
- 7 Confirms that the report and its attachment be released to the public on the Chief Executive's approval.
- 8 Confirms the decision has a medium level of significance as determined by the Council's Significance and Engagement Policy. Council has identified and assessed different options and considered community views as part of making the decision, in proportion to the level of significance.

1. Introduction

The current operating model for public transport serving Tauranga requires space for vehicles to "layover". A layover is a designated location for buses to park when not in passenger service. This is usually to facilitate drivers taking formal rest breaks.

The urban and tertiary/commuter services contracted by Regional Council currently require space for up to 12 buses to layover simultaneously in the vicinity of Tauranga's Central Business District (the CBD). Currently, most of the layover locations are on Durham Street.

Tauranga City Council (TCC) informed Regional Council in late 2023 that this practice will not be supported moving forward, as street space will be required for construction activity and the provision of additional street parking for cars.

This paper therefore seeks Regional Council's consideration and approval of one of the following two options to manage bus layovers in the CBD:

INFOCOUNCIL ID: A4711412

281

REGIONAL COUNCIL

1 AUGUST 2024

Item 11.4 Public Excluded

- **Option 1:** Off Street facility on the corner of Spring and Durham Street
- **Option 2:** Continue current operational delivery arrangements.

Option 1 would see the approval and funding from the Regional Council for the construction and operation of an off-street bus layover facility, located at the corner of Spring and Durham Street. Option 1 would result in a total rating impact of a cost equivalent to approximately \$10-\$12 per annum for the Tauranga Passenger Transport Targeted Rate. These costs are detailed in section 4.5 and would be split across the Tauranga targeted rate (90%) and the General Rate (10%).

The \$595K operating cost for 2024/25 is assumed to be funded from the Regional Fund, which would reduce the forecast year end balance from \$7.2M to \$6.6M. The rates impact above does not include repayment of the Regional Fund. If Council were to fund from borrowing (or require the Regional Fund to be repaid) this would result in a further increase of approximately \$10 for the Tauranga Passenger Transport Targeted Rate and \$0.50 for the General Rate if repaid entirely in 2025/26, or \$2.25 and \$0.11 per annum respectively if repaid over five years.

This option has been endorsed by two previous Council Committees: the Tauranga Public Transport Joint Committee (TPTJC) on 4 June 2024 and the Public Transport Committee (PTC) on 12 June 2024. It is also the staff recommended option without cost implication.

Option 2 would see the continued practice of layovers being undertaken on urban streets. Should TCC prevent this from occurring in the current location, alternative locations would need to be found. Option 2 is coupled with the risk that the Regional Council will have to react quickly to find alternative locations, which could substantially increase operational costs - in excess to those costs required to support Option 1 - to deliver the existing levels of service.

2. **Background**

2.1 **Context**

The Tauranga CBD is undergoing a transformation, as outlined in Tauranga City Council's City Centre Action and Investment Plan. It provides an overarching plan for the city centre and outlines the investments and programmes of work required to redevelop areas of it.

To support the delivery of the City Centre Action and Investment Plan, TCC have challenged the Regional Council to reduce the amount of street space required within the CBD for public transport operations, as street space will be required for construction activity, as well as the provision of additional street parking for cars.

TCC's request focuses on the street space currently used by Regional Council contracted services to layover in the CBD.

It should be noted that several bus services not contracted by Regional Council operate in the CBD. These include Intercity, Ministry of Education services and coach charters. These are not under the control of Regional Council and are therefore not considered as part of this paper.

2.2 **Current Bus Operations**

All Regional Council contracted public transport serving Tauranga City Centre currently terminates in the CBD.

REGIONAL COUNCIL

1 AUGUST 2024

Driver rest and meal breaks are legally mandated, and there is also a requirement for drivers to have access to toilet facilities as well as the ability to heat food if on a meal break. Drivers currently have a staff room on the pedestrianised section of Wharf Street, between The Strand and Willow Street.

Due to the convergence of bus routes in the CBD, as well as the siting of the current staff room, most driver breaks are scheduled to take place in the CBD.

While on a formal break, buses must be parked in a safe location (layover) within a reasonable proximity of a staff room. Up to 12 drivers can be on a rest break in the CBD simultaneously, requiring parking for up to 12 buses.

Currently, bus layovers occur in “on street” locations along Durham Street. These locations are in addition to the bus stops used by passengers.

It is advantageous for layover facilities to be as close to the start/end point of bus routes as possible. This reduces the amount of time that a vehicle is out of passenger service and contributes to better network reliability/efficiency as there are less opportunities for the vehicle to get delayed.

2.3 Medium/Long Term Network Considerations

Transition to a “through routed” network, which will ultimately remove the need for buses to layover in the CBD, will see buses run from one side of the city to another, with the primary aim of connecting key locations, reducing the need for many passengers to transfer between services. This operating model does not require buses to layover in the CBD, instead moving driver breaks to strategic locations on the periphery of the city where space is generally at less of a premium.

The transition to a fully through routed network is part of the Public Transport Services and Infrastructure (PTS&I) business case, which is subject to NZTA funding. Should this proposal attract investment, it is envisaged that the transition to the new network would begin in 2027/28, in line with the commencement of the next Tauranga urban bus operation contract.

2.4 Short/Medium Term Requirements

Regardless of future network considerations, the requirement to layover up to 12 buses in proximity of the CBD will remain for the next 3-5 years. To this end, staff are seeking a resolution for this intervening period.

Currently, bus routes in the CBD start and end at a temporary interchange on Durham Street, between Spring Street and Wharf Street.

At a TCC Council Meeting on 29 April 2024, the Commission resolved that a permanent bus interchange will be constructed on Durham Street, between Elizabeth Street and Spring Street. It is anticipated that construction on this could start in the latter half of 2024.

However, the construction of the permanent facility is conditional on the provision of off-road layover spaces for buses until the through routed services are implemented. This full resolution can be found in Section 0.

2.5 Process to Date

The request to move layovers from the current location originated from the Tauranga Public Transport Joint Committee (TPTJC). In conjunction with TCC, staff worked through the viability of several locations which are summarised in Table 1, below.

INFOCOUNCIL ID: A4711412

283

Table 1 – High level options considered.

Location	Comments
<p>207-199 Cameron Road</p>	<p>Vacant lot, directly south of the Tauranga Fire Station – previously occupied by ‘Car Connexion’. Space for 9 buses. Would incur significant additional operational cost due to distance from bus interchange (out of service time and distance), and the requirement for a new driver staff room (too far from existing) and some capital works. Costs were estimated at approximately \$1.5M p/a, simply due to the increased distance between the interchange location on Durham Street. Additional interactions with Cameron Road risk network performance. Additional safety risks noted as entrance/exit from the site requires crossing a shared cycle/pedestrian path.</p> <p>Option not favoured by TPTJC (4 June 2024).</p>
<p>Corner of Spring and Durham Street</p>	<p>Site of demolished building currently used as an off-street carpark managed by Wilson Parking. Space for 9 buses. Very close to the proposed new bus interchange (minimal out of service time and distance) and within walking distance of existing driver staff room. In joint ownership between Quayside Holdings and Carrus. Significant costs associated with this option include a site lease of \$296k p/a, and \$1.8m of capex to construct the layover facility.</p> <p>Staff recommended option endorsed by:</p> <ul style="list-style-type: none"> - TPTJC (4 June 2024); and - PTC (12 June 2024).
<p>Cross Road, Sulphur Point</p>	<p>On street space for 3-4 buses only. Would incur significant additional operational cost due to distance from bus interchange (out of service time, distance and network performance implications). Requirement for enhanced driver facilities (currently no facility to heat food). While costs for this have not been modelled, they are estimated to be in the order of \$1.0 - \$1.5m p/a, and the cost to provide driver facilities would be in addition.</p> <p>Option retained by staff but does not have sufficient capacity for all buses.</p>
<p>NZ Bus Depot, Greerton</p>	<p>Ample space and driver facilities. Would incur substantial additional operational cost due to distance from bus interchange (out of service time, distance and network performance implications). While costs for this have not been modelled, they would be many times the cost approximated for the 207-199 Cameron Road (\$1.5m p/a), noted above. In addition, significant concerns have been raised by the bus operator, due to anticipated punctuality and performance implications.</p> <p>Option discounted by staff.</p>

Item 11.1.4 Public Excluded

Item 8.1

<p>The Tauranga and Wharepai Domains</p>	<p>Health and safety concerns raised by bus operator due to the constrained shared use nature of the site - inability to safely turn vehicles around. Limited suitable locations for layovers on the site. Would incur additional operational cost due to distance from bus interchange (out of service time and distance), and the requirement for new driver staff room (too far from existing). Costs are anticipated to be similar to those for 207-199 Cameron Road (\$1.5m p/a). Additional interactions with Cameron Road risk network performance.</p> <p>Option discounted by staff.</p>
---	--

No other viable off-street locations were identified in proximity of the CBD.

2.6 Governance Approvals Process

2.6.1 Tauranga Public Transport Joint Committee (TPTJC) - 4 June 2024

Staff presented an off-street layover options paper to the TPTJC on 4 June 2024. This paper provided an options assessment of four possible options to address the need to remove on-street layovers in the Tauranga CBD. The paper outlined the staff recommended option of the corner of Spring and Durham Street site. The TPTJC provided the following resolutions:

- (b) Endorses the following site for bus layover purposes in Tauranga's CBD:**
 - (ii) Corner of Spring and Durham Street**
- (c) Request that staff from Bay of Plenty Regional Council take a report to the Public Transport Committee (PTC) on 12 June 2024 seeking consideration and endorsement of the preferred option.**
- (d) That staff be asked to investigate ways in which this work could be finished by Christmas.**
- (e) That staff will employ a 'best endeavours' approach to attempt to minimise the number of on-street layovers in the central city while a permanent solution is being developed and implemented.**

2.6.2 Public Transport Committee (PTC) - 12 June 2024

Staff subsequently presented a paper to the PTC on 12 June 2024. This paper carried through the same recommended option as per the JTPTC paper, being the corner of Spring and Durham Street. The PTC provided the following resolutions:

- 1. Endorses the recommended layover site location for off-street bus layovers in Tauranga's CBD at the corner of Spring and Durham Street; and**
- 2. Requests that staff from Bay of Plenty Regional Council take a report to the meeting of the Regional Council on 1 August 2024, seeking consideration and endorsement of the preferred option.**

REGIONAL COUNCIL

1 AUGUST 2024

2.6.3 Tauranga City Council Meeting – 29 April 2024

Following the conclusion of a TCC led process to identify the location for a permanent interchange for buses in the CBD, the Commission resolved to:

B. Adopts for implementation of Durham Street Bus Facility (Durham Street south):

i. Option 2: Durham Street (Elizabeth Street to Spring Street)

D. Notes that the implementation be conditional on the provision of off-road layover spaces for buses until the through routed service was implemented.

3. Options Consideration and Assessment

3.1 Options Consideration

As the site at the corner of Spring and Durham Streets is the preferred option of the TPTJC and was endorsed by the PTC, staff recommend that Regional Council support this option as a solution to the layover situation in Tauranga’s CBD. This is **Option 1**.

There is the option for the Regional Council to take no immediate action in relation to this situation. This is **Option 2**.

The opportunities, risks, and implications of these two options are set out below.

3.2 Options Assessment

An assessment has been undertaken on both options.

Table 2 - High level options assessment

Option 1 - Corner of Spring and Durham	Option 2 - Existing Operation
Number of Layovers	
Minimum of 9	12
Capital Expenditure (CAPEX)	
\$1.8M	N/A
Operational Expenditure (OPEX)	
\$3.6M over five years	N/A
Lifespan	
3-5 Years (<i>negotiable</i>)	Unknown
Implementation Time	
March 2025	N/A

It should be noted that while Option 2 has no immediate implications for service operations, should TCC progress with measures to prevent buses from using the current layover locations, this would have immediate and severe implications for the ongoing delivery of public transport services within the Tauranga urban area.

REGIONAL COUNCIL

1 AUGUST 2024

Item 11.4 Public Excluded

To this end, the sustainability and lifespan of this option is unknown, and exposes the Regional Council to a high level of both reputational and some financial risk.

With no alternative off-street locations within proximity of the CBD, bus layovers would need to relocate at pace to suboptimal locations (such as Sulphur Point and the Greerton Depot), which would have significant implications for both network performance and attract substantial additional operational cost.

The network inefficiencies would lead to additional vehicles and drivers being required to operate the existing level of service. Mobilising these additional resources would take time.

For this reason, staff recommend that Option 2 can only be a short-term holding position, should the Regional Council not be satisfied with Option 1.

3.3 Detailed Considerations: Option 1

The site at the corner of Spring and Durham Street will address BOPRC's urban bus network layover requirements for a 3-5-year period, while supporting the desired outcomes of TCC. Further details are set out below with full financial considerations presented in 4.5. with the notable costs associated with this option being a site lease of \$296K p/a, and \$1.8M of capex to construct the layover facility.

3.3.1 Site Overview

A technical assessment undertaken public transport experts at MRCagney concluded that this site could accommodate a minimum of nine urban buses at any given time. The indicative site layout and vehicle tracking is shown in Figure 1.

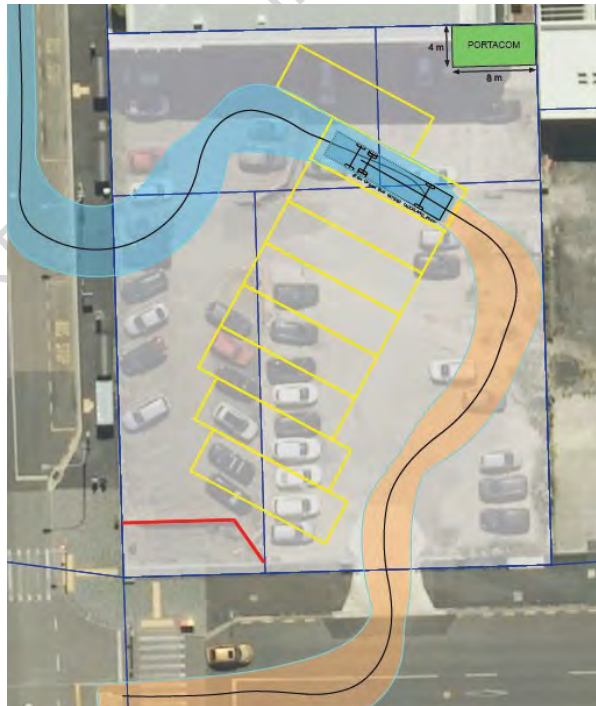


Figure 1 - Bus tracking assessment for Option 1 - corner of Spring and Durham Street

REGIONAL COUNCIL

1 AUGUST 2024

It is noted that Option 1 can accommodate a minimum of 9 bus layovers with potential for additional capacity. BOPRC staff are currently scoping possibilities to provide additional layover capacity within the Option 1 site.

While there are short periods of the day when space is required for 12 buses in the CBD, staff are confident that this can be reduced by 3 buses by close working with the operator.

The site at the corner of Spring and Durham Street is well positioned strategically within the CBD, offering substantial efficiencies to bus operations due to the lack of “empty running” required when travelling to and from the layover site.

3.3.2 Lease Arrangement

There are two landowners associated with the site, Quayside Holdings and Carrus. BOPRC staff are currently working with these landowners to clarify possible lease arrangements. An independent valuation was undertaken by Preston Rowe Paterson, and is appended to this report (Attachment 1).

This indicates a ground lease valuation of \$296K p/a, which exceeds the prior estimate of \$120K p/a which staff had made in lieu of a registered valuation.

BOPRC will continue working to negotiate a suitable lease agreement with the two landowners. With no formal arrangement in place, staff highlight this as a known, yet managed, risk.

3.3.3 Indicative Construction Timescales

The TPTJC directed staff to investigate ways in which Option 1 could be delivered by Christmas 2024. Staff view this deadline as highly aspirational, with independent technical advice from Beca Ltd suggesting that March 2025 would be achievable.

3.3.4 Immediate Changes to Layovers

In addition, the TPTJC requested that staff take a “best endeavours” approach to reduce on-street layovers in the city centre in the interim period while Option 1 is implemented.

This could attract additional operating cost in the short-term, and staff are working to quantify the opportunities and costs associated with this request. This is likely to involve an increased reliance on Sulphur Point, which is currently used as a “spill over” location for layovers.

3.3.5 Relationship with Other Projects

This site can only become operational once the existing temporary bus interchange (Durham Street, between Spring & Wharf Streets) is replaced by the proposed new interchange (Durham Street, between Elizabeth & Spring Streets). This is because an entrance/exit to the layover facility would be within the existing temporary interchange.

For this reason, the delivery of Option 1 is dependent on TCC’s delivery of the new bus interchange.

As set out in the resolution presented in Section 0, TCC’s commitment to deliver the new interchange site is contingent on the Regional Council moving layovers to an off-street location.

INFOCOUNCIL ID: A4711412

288

REGIONAL COUNCIL

1 AUGUST 2024

3.4 Support by Tauranga City Council

Tauranga City Council have previously indicated support for Option 1, as shown by the resolutions outlined in Section 2.6. Regional Council staff have requested a letter of support from TCC, confirming that the new interchange will be constructed at Durham Street South, and remain at the agreed location for the next 3-5 years, the expected lifespan of the layover site. At the time of writing, TCC have been unable to provide this letter of support.

It is therefore recommended that should Regional Council endorse Option 1, that this be contingent on TCC confirming the above via council resolution.

3.5 Legislative Framework

The Land Transport Management Act (LTMA) 2003 provides the legal framework for managing and funding land transport activities. The purpose of the LTMA is to contribute to an effective, efficient, and safe land transport system in the public interest.

3.6 Alignment with Strategic Framework

A Vibrant Region	We lead regional transport strategy and system planning, working with others to deliver a safe and reliable public transport system.
-------------------------	--

3.6.1 Community Well-beings Assessment

Dominant Well-Beings Affected			
<input checked="" type="checkbox"/> Environmental	<input checked="" type="checkbox"/> Cultural	<input checked="" type="checkbox"/> Social	<input checked="" type="checkbox"/> Economic

3.7 Significance

The recommended proposal/decision has been assessed against the criteria and thresholds in Council’s Significance and Engagement Policy, and can be considered:

Medium	The decision is not within existing budgets and does not implement the current long term plan or annual plan.
---------------	---

4. Considerations

4.1 Risks and Mitigations

Risks and mitigations for the recommended site are detailed in Table 3 below.

Table 3 - Risks and mitigations for Spring and Durham Street

Risk	Mitigation
There is no formal lease agreement in place, leading to the	Staff will continue to work with landowners Carrus and Quayside Holdings to negotiate

REGIONAL COUNCIL

1 AUGUST 2024

Item 11.4 Public Excluded

<p>site being lost or changes in the anticipated lease rate.</p>	<p>a lease agreement should Regional Council endorse this option.</p> <p>An independent valuation (Attachment 1) has been undertaken, which staff assume represents an upper limit for lease costs.</p>
<p>TCC relocating the permanent Durham Street interchange within the life of the layover facility.</p>	<p>The TCC letter of support (Attachment 2) states that the new Durham Street interchange will not move within 3-5 years.</p>
<p>A detailed design for the site has not yet been undertaken.</p>	<p>An independent assessment has estimated the capital costs at a P95 level (i.e., the project has a 95% chance of being completed with this or less amount of money).</p> <p>A detail design will be developed quickly, should Regional Council endorse this option.</p>
<p>Project unable to be delivered against timescales.</p>	<p>Staff will manage internal planning process efficiently and complete clear programme timeline from planning to construction stage. Delays and potential mitigations will be communicated quickly.</p>
<p>Inability to reduce bus layovers in the immediate term.</p>	<p>Work closely with TCC staff to ensure bus layover needs at Cross Road, Sulphur Point are accommodated for an interim period prior to the completion of the layover facility.</p>

4.2 **Climate Change**

The matters addressed in this report are of a procedural nature and there is no need to consider climate change impacts.

4.3 **Implications for Māori**

No implications are identified for Māori as part of the recommended layover site proposal on the corner of Spring and Durham Street.

4.4 **Community Engagement**



No community engagement has been undertaken for the recommended option.

4.5 **Financial Implications**

The Spring and Durham Street financial implication considerations are detailed in the table below.

Table 4 - Detailed breakdown of financial implications for Spring and Durham Street

Recommended Option - Corner of Spring and Durham Street						
	Year 1 2024/25 \$000	Year 2 2025/26 \$000	Year 3 2026/27 \$000	Year 4 2027/28 \$000	Year 5 2028/29 \$000	Comments
Opex Cost						
Lease	222	303	311	319	327	Lease cost for 9 months of year 1. Future years increased by CPI.
Project Management	150	-	-	-	-	
Depreciation and Interest	208	415	415	415	415	Depreciation and interest capital improvements. Year 1 pro-rated based on construction timing
Regional Fund Interest foregone	15	30	30	30	30	
Total Opex	595	748	756	764	771	
Opex Funding						
Rates	-	748	756	764	771	Additional rates funding (90% TR and 10% GR), Regional Fund Interest Foregone funded by General Rates
Regional Fund Reserves	595	-	-	-	-	Funded by Regional Fund reserves year 1
Capital Cost	1,800	-	-	-	-	Leasehold capital improvements
Capex Funding						
Borrowings	1,800	-	-	-	-	Financed by borrowings repaid over 5 years
Cost Impact per Rating Unit						
TGA Targeted Rate	\$9.74 Equivalent	\$11.84	\$11.73	\$11.63	\$11.53	Funded by Regional Fund reserves in year 1, year 2-year 5 rates funded
General Rate	\$0.62 Equivalent	\$0.85	\$0.84	\$0.84	\$0.84	

Table 4 above displays both Capex and Opex costs for Option 1, including the cost impact for rating units, all of which are displayed across a 5-year period.

Table 4 outlines Opex costs including a lease cost of \$296K p/a which is increased annually by inflation, a one-off project management cost in year 1 of \$150K, and \$1.8M Capex construction cost. The lease cost of \$296K p/a reflects a formal independent valuation completed by Preston Rowe Paterson and provided by Carrus on 19 June 2024 (Attachment 1).

Item 11.1.4 Public Excluded

Item 8.1

REGIONAL COUNCIL

1 AUGUST 2024

Item 11.4 Public Excluded

The cost for depreciation and interest relates to the \$1.8M construction cost and capital leasehold improvement. Leasehold improvements are capitalised, and the cost is depreciated over the shorter of the period of the lease or the life of the leasehold improvement. Interest expense is the costs incurred by BOPRC for borrowing the \$1.8M of funds. The borrowing is repaid over five years.

These costings have changed from those previously presented by BOPRC staff to the PTC on 12 June 2024. The reason for these changes is further work has been done to understand the financial implications since the paper was written for the PTC, and the JTPTC prior to that.

The key changes relate to the increase in lease costs from \$120K p/a to \$296K p/a. If this option was supported by Regional Council, it would result in increases to both the Tauranga targeted rate of \$10-\$12 and general rate of under \$1 over the five year period including GST.

The operating impact on 2024/25 would need to be funded from the Regional Fund reserve because rates have already been set and there are no Passenger Transport reserves available.

Using the Regional Fund in this way would reduce the forecast 2024/25 closing Regional Fund balance from \$7.2M to \$6.6M.

The rates impact above does not include repayment of the Regional Fund. If council were to fund from borrowing (or require the Regional Fund to be repaid) this would result in a further increase of approximately \$10 for the Tauranga Passenger Transport Targeted Rate and \$0.50 for the General Rate if were repaid entirely in 2025/26, or \$2.25 and \$0.11 per annum respectively if repaid over five years.

BOPRC staff have communicated with NZTA regarding a potential funding contribution towards operational costs associated with Option 1. NZTA has indicated that whilst any opportunity for funding is unlikely, there is a possibility for funding consideration from September 2024 onwards when the National Land Transport Plan (NLTP) is released.

5. Next Steps

Subject to endorsement and funding approval by Regional Council of Option 1, staff will commence work required to deliver the site, which will first involve finalising an agreement with the landowners and undertaking detailed engineering designs of the facility.

Should Option 2 be endorsed, the CBD bus operation will continue as is. This does however come with the risk that the Regional Council will have to react quickly to a situation where TCC no longer facilitate urban buses laying over in the CBD, while substantially increasing operational costs to deliver the services.

Attachments

Attachment 1 - Preston Rowe Paterson Rental Certificate - corner of Spring and Durham Street [u](#)

REGIONAL COUNCIL

1 AUGUST 2024



Commercial Report
63 – 69 Spring Street, Tauranga

Item 11.4, Attachment 1 - Public Excluded

18 June 2024

Tauranga Commercial Developments Limited

Attention: Mr Grant Young

Dear Grant,

Market Rental Certificate – 63-69 Spring Street, Tauranga

Further to your recent instructions, you have requested we assess the market rental value for the above property as at the inspection date of 07 June 2024.

We confirm we have inspected the subject property and have undertaken full market investigations.

We assess the market rental value for the subject property as at 07 June 2024 to be:

\$296,000 p.a.
(Two Hundred and Ninety Six Thousand Dollars per annum)

The above rental is plus GST and associated operating expenses.

This Market Rental Certificate forms part of our Market Rental Valuation Report and should be presented with or made available in conjunction with the Market Rental Valuation Report at the discretion of our client.

We trust this brief letter is sufficient for your requirements. We remain available should you wish to discuss any area in further detail.

Yours faithfully

Preston Rowe Paterson Tauranga Limited
Matthew Fenton, BBS (VPM), MPINZ
Registered Valuer, Director

Preston Rowe Paterson Tauranga Limited
NZBN: 9429037365950

PO Box 2327, Tauranga 3144
111 Cameron Road, Tauranga 3110
New Zealand

P 07 927 7544

E tauranga@prpnz.nz
www.prpnz.nz

Directors

Alex Haden
Registered Valuer, ANZIV, SPINZ
M 021 833 118
E alex.haden@prpnz.nz

Dylan Barrett
Registered Valuer, ANZIV
M 027 951 1258
E dylan.barrett@prpnz.nz

Jason Coulson
Registered Valuer, ANZIV, SPINZ
M 021 248 5810
E jason.coulson@prpnz.nz

Matthew Fenton
Registered Valuer, MPINZ
M 027 544 1779
E matt.fenton@prpnz.nz

We have capital city and regional offices throughout Australia & New Zealand independently owned and operated.

INFOCOUNCIL ID:

293