

AI Summary: Council Workshop on the Long-Term Plan Capital Programme

The following is an AI-generated summary of the Council workshop held on 1 October. It is intended to provide a detailed, plain-English account of the discussion. It should not be read as formal minutes, and the workshop itself was not a formal decision-making meeting. Any indications of support or opposition described below were workshop directions rather than final Council decisions.

What was this workshop about?

The workshop was part of Council's work reviewing the capital programme for the Long-Term Plan (LTP).

A central issue was the gap between the number and value of projects Council could potentially undertake and what can realistically be funded and delivered.

Staff discussed an overall capital programme in the vicinity of **\$70 million per year**, reflecting both financial constraints and Council's practical ability to deliver projects.

Within that, one particularly constrained area is capital expenditure associated with **growth and improvements to levels of service outside the waters programme**. The discussion was working towards approximately **\$8 million per year** in this area, although the initial shortlist appeared to be closer to **\$10 million per year** and was still to be refined through financial modelling.

This distinction is important. Not every dollar of capital expenditure discussed at the workshop competes within that \$8–10 million figure. Renewals, waters expenditure and different funding classifications have to be separated out as the financial model is developed.

Staff were therefore asking councillors to help reduce and prioritise the programme before undertaking more detailed work on the projects that survive the initial screening.

How projects were being assessed

Projects were broadly being considered as **Must, Should or Could**.

A **Must** project could include something required for legislative or regulatory reasons, necessary to cater for growth, or already sufficiently committed or underway that stopping it would have significant consequences.

A **Should** project might reduce risk, reduce future costs, improve an important service or potentially generate revenue. For these projects, an important question becomes what happens if Council waits.

A **Could** project is more likely to involve an improvement to an existing level of service or another project which may be desirable but is not necessarily essential at this point.

One important qualification came through during the workshop: the project information available at this stage is not necessarily equivalent to a completed business case.

Staff acknowledged that some of the project summaries were still incomplete and that more detailed business cases and analysis would occur once the programme had been reduced to a manageable shortlist.

That creates an important feature of this process: **Council is giving meaningful direction on projects before every project has been subjected to its final detailed analysis.**

The workshop indications are not final Council decisions. However, they matter because staff need sufficiently clear direction to construct the financial model and bring a refined programme back to Council.

A further wrap-up workshop was scheduled for **13 October**.

Some of the projects discussed

Owen Delany Park seismic strengthening

Approximately **\$3.9 million** was included in the new LTP programme for work associated with Owen Delany Park.

This project is already substantially in train.

The grandstand was described as being around **30% of New Building Standard (NBS)**, while the corporate lounge/clubrooms were around **15% NBS**.

Tenants have already been displaced as a result of the seismic issues, design work has progressed and the project was approaching tendering.

The discussion therefore wasn't simply about whether Council would like to improve Owen Delany Park. A significant amount of work and expenditure has already occurred, and stopping or substantially delaying the project could strand previous investment or require redesign.

The workshop indication was to **include the project**.

Taupō Events Centre bleachers

The Events Centre bleachers emerged as a relatively unglamorous project with a significant operational issue behind it.

The seating system is approaching or at the end of its useful life. When the mechanical system fails, staff can be left relying on forklifts and considerable manual effort to move the seating.

There have also been occasions when the bleachers could not be retracted and court bookings were affected.

This means the project is not simply about providing nicer seating. It involves **asset condition, operational reliability, staff efficiency and health and safety considerations**.

It is also a useful example of the consequences of deferring renewals: eventually an ageing asset can begin affecting the service that the building itself is supposed to provide.

Tūrangi recreation facilities and TRACK

One of the largest and most significant discussions concerned the proposed **Tūrangi Recreation Activity Centre, commonly referred to as TRACK**.

The standalone TRACK proposal was discussed at approximately **\$17 million**.

However, staff also presented an alternative approach based around upgrading and reworking the existing Tūrangi gym/youth/community facilities.

Depending on the extent of the work, this alternative was discussed in the range of approximately **\$1.4 million to \$3.2 million**.

That creates a major strategic question which goes beyond a simple choice between "build TRACK" and "don't build TRACK":

What outcomes is Council actually trying to provide for the Tūrangi community, and could many of those outcomes be delivered through a substantially less expensive investment in existing facilities?

Staff indicated that many of the desired community outcomes could potentially be delivered under either approach.

The annual cost matters as much as the construction cost

The TRACK discussion also demonstrated why the initial capital price of a project is only part of the story.

The standalone TRACK facility was discussed as having approximately **\$500,000 per year in operating costs before financing and depreciation**.

Once depreciation, interest and loan principal were included, the total annual financial consequence was discussed at approximately **\$1.7 million per year**.

By comparison, the alternative youth/community hub option was discussed at approximately **\$170,000 in standalone operating costs**, with total annual expenditure around **\$800,000** at an investment level of roughly \$3.5 million.

The existing gym was discussed as costing approximately **\$120,000 per year**.

These numbers demonstrate why Council's decisions about new buildings have consequences well beyond the year in which they are constructed.

A new asset can create operating, maintenance, depreciation and financing costs that continue to affect budgets and rates for decades.

During the broader discussion, staff also used a rough rule of thumb that **an additional \$1 million of operating expenditure equates to approximately a 1% rates impact**.

That makes whole-of-life cost one of the most important considerations in the capital programme.

There is also a Tūrangi legacy issue

The discussion around TRACK was not simply financial.

Staff acknowledged the history of the project and the expectation that has developed within the Tūrangi community after years of planning and discussion.

There was acknowledgement that some members of the community may reasonably have formed the impression that TRACK was effectively going to happen.

There is another important consequence.

Investment and maintenance in some existing Tūrangi facilities — including the gym and tennis/netball court assets — has been deferred in anticipation of TRACK replacing or supers