

# Regional Council

## **NOTICE IS GIVEN**

that the next meeting of the **Regional Council** will be held in **Mauao Rooms, Bay of Plenty Regional Council Building, 87 First Avenue, Tauranga** on:

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**Tuesday, 26 September 2017 commencing at 9.30 am.**

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Mary-Anne Macleod  
Chief Executive  
19 September 2017





# Regional Council

## Terms of Reference

### Purpose

- Enable democratic local decision-making and action by, and on behalf of, Bay of Plenty communities.
- Meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- Set the overarching strategic direction for Bay of Plenty Regional Council as an organisation.
- Hold ultimate responsibility for allocating financial resources across the Council.

### Membership

All councillors are members of the Regional Council.

### Quorum

In accordance with Council standing order 10.1(a), the quorum at a meeting of the Regional Council is seven members, consisting of half the number of members.

### Meeting frequency

Six-weekly.

### Role of Council

- Address Local Electoral Act matters and Local Government Rating Act matters.
- Oversee all matters relating to identifying and contributing to community outcomes.
- Consider and agree on matters relating to significant new activities or areas of involvement such as infrastructure which are not the responsibility of a specific committee.
- Provide regional leadership on key issues that require a collaborative approach between a number of parties.
- Develop, adopt and review Council's Policy on Significance and decision-making policy and processes.
- Develop, adopt and implement the Triennial Agreement and the Code of Conduct.
- Consider and agree on matters relating to elected members' remuneration matters.
- Appoint the Chief Executive Officer, and review their contract, performance and remuneration at least annually.
- Approve all delegations to the Chief Executive, including the authority for further delegation to staff.
- Establish committees, subcommittees, and working parties and appoint members.
- Receive and consider recommendations and matters referred to it by its committees, joint committees, subcommittees and working parties.

- Approve membership to external bodies and organisations, including Council Controlled Organisations.
- Develop, adopt and review policies for, and monitor the performance of, Council Controlled Organisations.
- Review and approve strategic matters relating to the sale, acquisition and development of property for the purposes of meeting Council's organisational requirements and implement approved Regional Council policy.
- Address strategic corporate matters including property and accommodation.
- Institute any proceedings in the High Court that are not injunctive proceedings.
- Exercise the powers and duties conferred or imposed on Council by the Public Works Act 1981.
- Consider and agree on the process to develop the Long Term Plan, Annual Plan and Annual Report.
- Adopt Council policies as required by statute (for example Regional Policy Statement and Regional Land Transport Strategy) to be decided by Council or outside of Committee delegations (for example infrastructure policy).
- Delegate to commissioners to exercise the powers, functions and duties of the Council as a consent authority under the Resource Management Act 1991 including to hear and decide a consent application.
- Monitor Council's financial and non-financial performance in-year.
- Develop, review and approve Council's Financial Strategy and funding and financial policies and frameworks.

## Delegations from Council to Committees

- Full Council has a role to monitor the functioning of all committees.
- Full Council will consider matters not within the delegation of any one Council committee.
- Full Council may at any time, revoke or modify a delegation to a Council committee, either permanently, for a specified time or to address a specific matter, if it considers there is good reason to do so.
- The delegations provided to committees may be further delegated to subcommittees unless the power of further delegation is restricted by Council or by statute.

It is accepted in making these delegations that:

- The committees, in performing their delegated functions, powers or duties, may, without confirmation by the Council, exercise or perform them in a like manner and with the same effect as the Council itself could have exercised or performed them.
- The delegated powers given shall at all times be subject to their current policies and principles or directions, as given by the Council from time to time.
- The chairperson of each committee shall have the authority to exercise their discretion, as to whether or not the delegated authority of the committee be used where, in the opinion of the chairperson, circumstances warrant it.

## Powers that cannot be delegated

Under Clause 32 Schedule 7 of the Local Government Act 2002, Full Council must make the following decisions:

- Make a rate.
- Make a bylaw.
- Borrow money or purchase or dispose of assets, other than in accordance with the long-term plan.
- Adopt the long-term plan, annual plan, or annual report.
- Appoint a chief executive.
- Adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the long-term plan or developed for the purpose of the local governance statement.
- Adopt a remuneration and employment policy.



## Public Forum

1. A period of up to 15 minutes may be set aside near the beginning of the meeting to enable members of the public to make statements about any matter on the agenda of that meeting which is open to the public, but excluding any matter on which comment could prejudice any specified statutory process the council is required to follow.
2. The time allowed for each speaker will normally be up to 5 minutes but will be up to the discretion of the chair. A maximum of 3 public participants will be allowed per meeting.
3. No statements by public participants to the Council shall be allowed unless a written, electronic or oral application has been received by the Chief Executive (Governance Team) by 12.00 noon of the working day prior to the meeting and the Chair's approval has subsequently been obtained. The application shall include the following:
  - name of participant;
  - organisation represented (if any);
  - meeting at which they wish to participate; and matter on the agenda to be addressed.
4. Members of the meeting may put questions to any public participants, relevant to the matter being raised through the chair. Any questions must be asked and answered within the time period given to a public participant. The chair shall determine the number of questions.





# Membership

<b>Chairman:</b>	D Leeder
<b>Deputy Chairman:</b>	J Nees (Bay of Plenty Regional Council)
<b>Councillors:</b>	N Bruning, W Clark, J Cronin, S Crosby, D Love, T Marr, M McDonald, A Tahana, P Thompson, L Thurston, A von Dadelszen, K Winters
<b>Committee Advisor:</b>	S Kameta

Recommendations in reports are not to be construed as Council policy until adopted by Council.

## Agenda

*E te Atua nui tonu, ko mātau ēnei e inoi atu nei ki a koe, kia tau mai te māramatanga ki a mātau whakarite mō tēnei rā, arahina hoki mātau, e eke ai te ōranga tonu ki ngā āhuratanga katoa a ngā tangata ki tō mātau rohe whānui tonu. Āmine.*

*“Almighty God we ask that you give us wisdom in the decisions we make here today and give us guidance in working with our regional communities to promote their social, economic, environmental and cultural well-being. Amen”.*

### 1 Apologies

### 2 General Business and Tabled Items

Items not on the agenda for the meeting require a resolution under section 46A of the Local Government Official Information and Meetings Act 1987 stating the reasons why the item was not on the agenda and why it cannot be delayed until a subsequent meeting.

### 3 Petition

3.1 A petition will be presented to Council by Allan Mathews.

### 4 Public Forum

### 5 Declarations of Conflicts of Interests

### 6 Previous Council Minutes

6.1 Regional Council Minutes - 17 August 2017 19

### 7 Statutory Committee Minutes

7.1 Te Maru o Kaituna River Authority minutes - 11 August 2017 31

<b>8</b>	<b>Chairman's Report</b>	
<b>8.1</b>	<b>Chairman's Report</b>	<b>41</b>
<b>9</b>	<b>Chief Executive's Reports</b>	
<b>9.1</b>	<b>Annual Report and Consolidated Financial Statement</b>	
	Please note: this report and associated supporting documents will follow electronically under separate cover.	
	Audit New Zealand Director Ben Halford and Manager Anton Labuschagne will be in attendance for this item.	
<b>10</b>	<b>External Presentation</b>	
<b>10.1</b>	<b>Priority One Strategy</b>	
	Priority One Chief Executive Nigel Tutt, Chief Operating Officer Greg Simmonds and Business & Investment Attraction Manager Mark Irving will be in attendance to present on this item.	
<b>11</b>	<b>Chief Executive's Reports Continued</b>	
<b>11.1</b>	<b>Quayside Holdings Limited Annual Financial Statements for the year ended 30 June 2017</b>	<b>51</b>
	SUPPORTING DOCUMENT - Quayside Holdings Limited Annual Financial Statement for the year ended 30 June 2017	55
<b>11.2</b>	<b>Council Performance Monitoring Report 2017/18 July to August, Months 1 to 2</b>	<b>57</b>
	SUPPORTING DOCUMENT - Supporting Document - Council Performance Monitoring Report 2017/18 Months 1 to 2 (July to August)	61
	CONFIDENTIAL APPENDICES 12.3 and 12.4 – Please refer to pages 137 and 141.	
<b>11.3</b>	<b>Western Bay Public Transport Blueprint bus network approval</b>	<b>63</b>
	APPENDIX 1 - Western Bay Public Transport Blueprint bus network approval - 25-08-17 PT Committee paper	77
<b>11.4</b>	<b>Public Transport Committee Recommendations</b>	<b>105</b>
	APPENDIX 1 - Procurement Plan Western Bay of Plenty Bus Service	109
<b>11.5</b>	<b>Te Kawa o Te Urewera Relationship</b>	<b>123</b>
<b>12</b>	<b>Public Excluded Section</b>	<b>127</b>

**Resolution to exclude the public**

THAT the public be excluded from the following parts of the proceedings of this meeting.

The general subject 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(1) of

the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

## **12.1 Public Excluded Regional Council Minutes - 17 August 2017** **129**

### **Grounds**

That the public conduct of the whole or 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.

### **Reason**

Please refer to the relevant clause in the meeting minutes.

## **12.2 Public Excluded Regional Council Minutes - 5 September 2017**

This item will be tabled at the meeting.

### **Grounds**

That the public conduct of the whole or 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.

### **Reason**

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons.

## **12.3 Council Performance Monitoring Report - Confidential Appendix 1 - Investment Performance Report 2013/14 - Months 1 to 8 (refer item 11.2)** **137**

### **Grounds**

That the public conduct of the whole or 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.

### **Reason**

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

## **12.4 Council Performance Monitoring Report - Confidential Appendix 2 - Investment Fund Update (refer item 11.2)** **141**

### **Grounds**

That the public conduct of the whole or 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.

### **Reason**

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

## **12.5 Presentation: Quayside Holdings Limited Annual Financial Statements for Year Ended 30 June 2017**

### **12.6 Public Transport Committee Recommendations 147**

#### **Grounds**

That the public conduct of the whole or 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.

#### **Reason**

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

### **12.7 Local Government Information and Meetings Act 1987 Requests for the Period 1 July 2016 to 30 June 2017 151**

#### **Grounds**

That the public conduct of the whole or 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.

#### **Reason**

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons.

APPENDIX 1 - LGOIMA Summary of Requests 01 07 2016 to 30 06 2017 155

### **12.8 Rangitaiki Floodway Land Procurement 2017/18 161**

#### **Grounds**

That the exclusion of the public from the whole or the relevant part of the proceedings of the meeting is necessary to enable the local authority to deliberate in private on its decision or recommendation in any proceedings before a local authority where the local authority is required, by any enactment, to make a recommendation in respect of the matter that is the subject of those proceedings.

#### **Reason**

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.

APPENDIX 1 - Rangitaiki Floodway Upgrade Programme as at January 2017 165

APPENDIX 2 - Rangitaiki Floodway Widening Stage 4 Area for Procurement 169

### **12.9 Quayside Holdings Limited - Councillor Director Appointment 173**

#### **Grounds**

That the public conduct of the whole or 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.

**Reason**

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons.

APPENDIX 1 - Board appointment succession diagram September 2017

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APPENDIX 2 - This item will be circulated separately.

**13 Confidential business to be transferred into the open****14 Readmit the public****15 Consideration of General Business****16 Closing karakia**



# Petition





# Previous Council Minutes



# Minutes of the Regional Council Meeting held in Mauao Rooms, Bay of Plenty Regional Council Building, 87 First Avenue, Tauranga on Thursday, 17 August 2017 commencing at 9.30 a.m.

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## Present:

**Chairman:** D Leeder

**Deputy Chairman:** J Nees

**Councillors:** J Cronin, T Marr, L Thurston, D Love, N Bruning, A Tahana, W Clark, S Crosby, K Winters, A von Dadelszen, M McDonald

**In Attendance:** M Macleod (Chief Executive), C Ingle (General Manager Integrated Catchments), J Graham (General Manager Corporate Solutions), M Taylor (General Manager Corporate Performance), N Zaman (Acting General Manager Regulatory Services), C Woods (Health and Safety Manager), S Hey (Manager Chief Executive's Office), D Hyland (Finance Manager), D Llewellyn (In-House Legal Counsel), J Edney (ICT Operations Team Leader), L Mason (Integrated Catchments Programme Manager), M Le Comte (Organisational Planning Manager), M Butler (Regional Planner), R Fraser (Consents Manager), Y Tatton (Interim Governance Manager), C Gordon (Internal Auditor), R Garrett (Committee Advisor).

**Apologies:** P Thompson; A Tahana (for lateness)

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## 1 Opening Karakia

Councillor Marr.

## 2 Apologies

### Resolved

That the Regional Council:

- 1 Accepts the apologies tendered by Councillor Thompson for the meeting and by Councillor Tahana for lateness.

Leeder/Thurston  
CARRIED

## 3 Public Forum

### 3.1 2017 Mashup Competition Presentation

*Refer Presentation Objective ID A2677936.*

Ms Pascale Hyboud-Peron from Venture Centre introduced the 2107 Mashup winning team from Tauranga Girls' College. The students presented their winning entry, the development, production and marketing of the iBrite tool which assisted dyslexic students with reading and writing.

Councillors congratulated the students on their success and their product. Ms Hyboud-Peron noted that, after seven years, Council funding for the Mashup competition had now ceased.

#### **Attendance**

Councillor Tahana entered the meeting at 9.37am.

## **4 General Business and Tabled Items**

Nil.

## **5 Declaration of conflicts of interest**

In regard to agenda item 12.4 *Update on Ōpōtiki Harbour Transformation*, a conflict of interest was recorded for Councillor Love as an external advisor to the Ōpōtiki District Council Audit and Risk Committee.

## **6 Public Excluded Section**

### **Resolution to exclude the public**

**THAT the public be excluded from the following parts of the proceedings of this meeting.**

The general subject 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(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

<b>General Subject of Matter to be Considered</b>	<b>Reason for passing this resolution in relation to this matter</b>	<b>Grounds under Section 48(1) LGOIMA 1987 for passing this resolution</b>
<b>Awatarariki Indicative Business Case Presentation by Whakatane District Council.</b>	<b>To prevent the disclosure or use of official information for improper gain or improper advantage.</b>	<b>Good reason for withholding exists under Section 48(1)(a).</b>

**Nees/Thurston  
CARRIED**

### **Change to Order of Business**

The Chairman advised that Agenda Item 11.2 would be moved forward and considered as the next item of business to accommodate an external presenter.

## **7 Chief Executive's Reports**

## 7.1 Electoral System Review and Representation Review Overview

*Refer Presentation Objective ID A2689394.*

Governance Manager Yvonne Tatton, assisted by Mr Warwick Lampp from electionz.com Ltd, explained Council's responsibility under the Local Electoral Act 2001 to review its preferred electoral system to be used for the next two triennial elections.

Mr Lampp responded to members' questions of clarification regarding the differences, legal requirements and risks of the two electoral systems. He outlined current use of the two systems by other councils and informed members that Tauranga City Council had recently adopted the use of the Single Transferable Vote system. The cost of a region-wide poll of electors and the use of different voting papers was discussed.

### Resolved

**That the Regional Council:**

- 1 Receives the report, Electoral System Review;**
- 2 Pursuant to section 27 of the Local Electoral Act 2001 agrees to:**
  - (a) Retain the First Past the Post electoral system for the Bay of Plenty Regional Council for the 2019 triennial election;**
- 3 Notes that public notice be given by 19 September 2017 of the decision and the right of electors to demand a poll on the electoral system to be used.**

**Cronin/Winters  
CARRIED**

### Adjournment

The meeting adjourned at 11.10am and reconvened at 12.20pm.

## 8 Previous Minutes

### 8.1 Regional Council minutes - 29 June 2017

#### Resolved

**That the Regional Council under its delegated authority:**

- 1 Confirms the minutes of the Regional Council meeting held 29 June 2017, as a true and correct record.**

**Crosby/von Dadelszen  
CARRIED**

## 9 Statutory Committee Minutes

### 9.1 Te Maru o Kaituna River Authority minutes - 14 June 2017

#### Resolved

**That the Regional Council under its delegated authority:**

- 1 Receives the minutes of the Te Maru o Kaituna River Authority meeting held on 14 June 2017.**

**Nees/Leeder  
CARRIED**

**9.2 Rangitaiki River Forum minutes - 15 June 2017**

**Resolved**

**That the Regional Council under its delegated authority:**

- 1 Receives the minutes of the Rangitāiki River Forum meeting held on 15 June 2017.**

**Winters/Clark  
CARRIED**

**9.3 Regional Transport Committee minutes - 30 June 2017**

**Resolved**

**That the Regional Council under its delegated authority:**

- 1 Receives the minutes of the Regional Transport Committee meeting held on 30 June 2017.**

**Crosby/Nees  
CARRIED**

**10 Joint Committee Minutes**

**10.1 SmartGrowth Leadership Group Draft Meeting Minutes - 21 June 2017**

**Resolved**

**That the Regional Council under its delegated authority:**

- 1 Receives the minutes of the SmartGrowth Leadership Group meeting held on 21 June 2017.**

**von Dadelszen/Nees  
CARRIED**

**10.2 Eastern Bay of Plenty Joint Committee Draft Meeting Minutes 5 July 2017**

**Resolved**

**That the Regional Council under its delegated authority:**

- 1 Receives the minutes of the Eastern Bay of Plenty Joint Committee meeting held on 5 July 2017.**

**Bruning/Leeder  
CARRIED**

## **11 Chairman's Report**

Council was updated on the Chairman's activities, upcoming events and items of interest. Key events reported on included the Regional Sector Group (RSG) meeting, the Local Government New Zealand (LGNZ) conference and AGM and the Bay of Plenty Triennial meeting.

Members asked for clarification regarding the status of remits passed at the LGNZ AGM. It was explained that LGNZ would develop a work programme for each remit and that there was no impact on Council at this stage.

It was noted that the RSG Treaty of Waitangi Settlement Costs project should consider iwi costs and funding as well as Council costs and funding.

### **Resolved**

**That the Regional Council:**

- 1 Receives the report, Chairman's Report.**

**Leeder/Thurston  
CARRIED**

### **Attendance**

Councillor Cronin joined the meeting at 12.28pm.

## **12 Chief Executive's Reports (continued)**

### **12.1 Councillor Appointment to the Rangitaiki River Forum and Treaty Settlement Update**

Council was advised to appoint an additional member onto the Rangitaiki River Forum (the Forum) following the appointment of a member from Tuhoe Te Uru Taumata onto the Forum, as required by treaty settlement legislation. Council was also informed that a further Council appointment would be required when the Ngāti Tūwharetoa (Taupō) settlement legislation came into force.

### **Resolved**

**That the Regional Council:**

- 1 Receives the report, Councillor Appointment to the Rangitāiki River Forum and Treaty Settlement Update;**
- 2 Appoints Councillor David Love as an additional member onto the Rangitāiki River Forum.**
- 3 Appoints Councillor Matemoana McDonald as an alternate member onto the Rangitāiki River Forum.**

- 4 **Adopts the consequential amendments made to the Rangitāiki River Forum Terms of Reference, as attached at Appendix 1.**
- 5 **Notes the recent Deed of Settlement signed by Ngāti Tuwharetoa and the Crown on 8 July 2017 and that a further update will be provided to Council, prior to legislation coming into force.**

**Leeder/Winters  
CARRIED**

## 12.2 **Elected Members' Allowances and Recovery of Expenses Draft Policy 2017 - 2018**

Governance Manager Yvonne Tatton advised members of the Remuneration Authority's latest rulings regarding members' allowances and expenses, and outlined consequential amendments to Council's *Elected Members' Allowances and Recovery of Expenses Policy* for adoption.

Members asked questions of clarification around minimum thresholds for mileage claims, and the extension of hearing fees to cover all statutory hearing processes as well as regional plan and policy statement hearings. Staff were requested to bring a further paper to Council assessing the cost implications of extending payment of hearing fees to all statutory hearing processes involving elected members.

### **Resolved**

**That the Regional Council:**

- 1 **Receives the report, Elected Members' Allowances and Recovery of Expenses Draft Policy 2017 - 2018;**
- 2 **Adopts the Elected Members' Allowances and Recovery of Expenses 2017-2018 Policy with amendments as shown in Appendix 1 of this report.**

**Cronin/Crosby  
CARRIED**

## 12.3 **Councillor Expenditure - July 2016 to June 2017**

Governance Manager Yvonne Tatton presented a breakdown of councillors' expenditure for the 2016-2017 financial year.

### **Resolved**

**That the Regional Council:**

- 1 **Receives the report, Councillor Expenditure - July 2016 to June 2017.**

**Leeder/Bruning  
CARRIED**

### **Attendance**

Councillor Nees left the meeting at 12.45pm.



## 12.4 **Bay of Plenty Local Authority Shared Services (BoPLASS) Limited's Statement of Intent 2017/18**

General Manager Corporate Performance Mat Taylor updated Council on progress with the BoPLASS Statement of Intent (SOI) and requested that the final SOI be formally received.

### **Resolved**

**That the Regional Council:**

- 1 Receives the report, Bay of Plenty Local Authority Shared Services (BoPLASS) Limited's Statement of Intent 2017/18;**
- 2 Notes the Statement of Intent 2017/18.**

Love/Crosby  
**CARRIED**

## 12.5 **Local Government Funding Agency (LGFA) Limited - Statement of Intent 2017/18**

General Manager Corporate Performance Mat Taylor updated Council on progress with the LGFA Statement of Intent (SOI) and requested that the final SOI be formally received.

### **Resolved**

**That the Regional Council:**

- 1 Receives the report, Local Government Funding Agency (LGFA) Limited - Statement of Intent 2017/18;**
- 2 Notes the Statement of Intent 2017/18.**

Cronin/Thurston  
**CARRIED**

### **Adjournment**

The meeting adjourned at 12.45pm and reconvened at 1.10pm.

## 12.6 **Health, Safety and People Report**

Health and Safety Manager Chris Woods updated members on organisational health, safety and people matters and provided an overview of Council's health and safety performance.

Members requested that historical data be included in future reports to provide context and identify trends.

### **Resolved**

**That the Regional Council:**

- 1 Receives the report, Health, Safety and People Report.

Love/Thurston  
CARRIED

## 13 Public Excluded Section

### Resolution to exclude the public

THAT the public be excluded from the following parts of the proceedings of this meeting.

The general subject 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(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General Subject of Matter to be Considered	Reason for passing this resolution in relation to this matter	Grounds under Section 48(1) LGOIMA 1987 for passing this resolution
12.1 Public Excluded Regional Council Meeting Minutes - 29 June 2017	Please refer to the relevant clause in the open meeting minutes.	Good reason for withholding exists under Section 48(1)(a).
12.2 Health & Safety Report - Confidential Appendix 3	To protect the privacy of natural persons, including that of deceased natural persons.	Good reason for withholding exists under Section 48(1)(a).
12.3 Whakatāne District Council - Awatarariki Fanhead Business Case	To prevent the disclosure or use of official information for improper gain or improper advantage.	Good reason for withholding exists under Section 48(1)(a).
12.4 Update on Ōpōtiki Harbour Transformation	To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	Good reason for withholding exists under Section 48(1)(a).
12.5 Expenditure report for the twelve months to 30 June 2017	To protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	Good reason for withholding exists under Section 48(1)(a).
12.6 Procurement Plan for the Kopeopeo Canal Remediation Project	To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.	Good reason for withholding exists under Section 48(1)(a).
12.7 Update on April 2017 Flood Event	To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.	Good reason for withholding exists under Section 48(1)(a).

**14 Restatement in open meeting**

**14.1 Agenda item 12.3: Whakatāne District Council – Awatarariki Fanhead Business Case**

This restatement confirms the following resolutions passed for the above agenda item.

**Resolved**

**That the Regional Council:**

- 1 Receives the report, Whakatane District Council - Awatarariki Fanhead Business Case;**
- 2 Notes the Whakatane District Council Business Case and supports its presentation to Central Government, on a Without Prejudice basis.**

**Tahana/Crosby  
CARRIED**

**The meeting closed at 2.15pm.**

Confirmed

\_\_\_\_\_  
Chairman Bay of Plenty Regional Council

\_\_\_\_\_  
Date



# Statutory Committee Minutes



# Minutes of the Te Maru o Kaituna River Authority Meeting held in Te Puke War Memorial Hall, Te Puke Hall, 130 Jellicoe Street, Te Puke on Friday, 11 August 2017 commencing at 9.30 a.m.

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## Present:

**Chairman:** D Flavell (Tapuika Iwi Authority Trust)

**Deputy Chairman:** Councillor A Tahana (Bay of Plenty Regional Council)

**Appointees:** Councillor K Marsh (Western Bay of Plenty District Council), Council), S Morris (Tauranga City Council), Councillor T Tapsell (Rotorua Lakes Council), Councillor J Nees (Bay of Plenty Regional Council), M Horne (Te Komiti Nui o Ngati Whakaue), R Hancock (Alternate, Ngati Rangiwewehi), Dr B Kihirini (Alternate, Tapuika Iwi Authority), Councillor M McDonald (Alternate, Bay of Plenty Regional Council)

**In Attendance:** M Tapsell (Tapuika/Waitaha); J Fitter (Maketū Ongatoro Wetland Society, Kaituna Freshwater Futures Group); BOPRC: Councillor S Crosby, N Zaman (Acting General Manager, Regulatory Services), P de Monchy (Kaituna Catchments Manager), P Howe (Senior Advisor (Treaty)), A Vercoe (Māori Policy Team Leader), C Koopu (Senior Treaty Advisor), A Fort (Senior Planner), J Watts (Senior Water Policy Planner), K O'Brien (Strategic Engagement Manager), N Poutasi (Water Policy Manager), S Macdonald (Senior Community Engagement Advisor), G Kroon (Senior Water Policy Analyst), M Stensness (Committee Advisor), J Durham (Committee Advisor), S Bermeo (Senior Planner), R Lyons (Land Management Officer), R Garrett (Committee Advisor).

**Apologies:** H Paul (Te Pumautanga o Te Arawa)

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## 1 **Opening Karakia**

The meeting opened at 9.40am with a karakia by Teia Williams.

## 2 **Apologies**

**Resolved:**

**That the Te Maru o Kaituna River Authority under its delegated authority:**

1. **Accepts the apology from H Paul.**

**Tahana/Horne  
CARRIED**

### 3 **General Business and Tabled Items**

Nil.

### 4 **Declaration of Conflicts of Interest**

No conflicts of interest were declared.

### 5 **Previous Minutes**

#### 5.1 **Te Maru o Kaituna River Authority minutes - 14 June 2017**

**Resolved:**

**That the Te Maru o Kaituna River Authority under its delegated authority:**

- 1. Confirms the minutes of the Te Maru o Kaituna River Authority meeting held 14 June 2017**

**Marsh/Tahana  
CARRIED**

In relation to item 3.2 of the Minutes of 14 June 2017, staff clarified that, under Proposed Plan Change 9, Council's policy in relation to resource consent applications to take water in already over-allocated catchments was to generally decline the application. However, as this is not a prohibited activity, Council would still have to consider applications.

### 6 **Election of Chairperson and Deputy Chair**

Councillor Flavell vacated the Chair, and Acting General Manager Regulatory Services Nick Zaman assumed the Chair for the item.

Mr Zaman called for nominations for Chairperson. Councillor Flavell was nominated, with no further nominations received.

**Resolved:**

**That the Te Maru o Kaituna River Authority under its delegated authority:**

- 1. Reappoints Councillor Flavell as Chairperson of Te Maru o Kaituna River Authority.**

**Marsh/Tahana  
CARRIED**

Councillor Flavell resumed the Chair and thanked members for their continued support.

Councillor Flavell called for nominations for Deputy Chair. Councillor Tahana was nominated, with no further nominations received.



**Resolved:**

**That the Te Maru o Kaituna River Authority under its delegated authority:**

- 1. Reappoints Councillor Tahana as Deputy Chair of Te Maru o Kaituna River Authority.**

**Hancock/Morris  
CARRIED**

## **7 Reports**

### **7.1 Change of membership**

Members were advised that the Authority had yet to be notified of an agreed appointment to the joint Tapuika/Waitaha membership, therefore no formal representative was in place at this stage. Once Tapuika Iwi Authority Trust and Te Kapu o Waitaha had had the opportunity to meet and agree a joint appointment, then the Authority would be advised, and the vacancy filled. Members acknowledged the mahi completed by Mr M Tapsell as the previous joint representative and agreed that Mr Tapsell could sit at the table as an observer but not participate in discussion or decisions.

The following motion was PUT and CARRIED:

**Resolved:**

**That Te Maru o Kaituna River Authority under its delegated authority:**

- 1. Amends the recommendations contained in Agenda Report 7.2 *Change of membership* by removing Recommendation 3: *“Confirms the appointments of Maru Tapsell as the appointed member and Punohu McCausland as the alternate member for Te Kapu o Waitaha”*.**

**Tahana/Flavell  
CARRIED**

The amended motion was PUT and CARRIED:

**Resolved:**

**That Te Maru o Kaituna River Authority under its delegated authority:**

- 1. Receives the report, Change of membership;**
- 2. Confirms the appointments of Dean Flavell as the appointed member and Dr Bryce Kihirini as the alternate member for Tapuika Iwi Authority;**
- 3. Confirms the appointments of Hakopa Paul as the appointed member and Piki Thomas as the alternate member for the Te Pumautanga o Te Arawa Trust;**
- 4. Confirms the appointments of Maria Horne as the appointed member and Raymond Pou Poasa as the alternate member for Te Komiti Nui o Ngati Whakaue;**

5. **Confirms the appointments of Councillor Jane Nees as a second appointed member and Councillor Matemoana McDonald as the alternate member for the Bay of Plenty Regional Council.**
6. **Directs staff to review the Te Maru o Kaituna River Authority Terms of Reference in light of the expanded Authority membership.**

**Tahana/Morris  
CARRIED**

## 7.2 **Next Steps towards approval of the Kaituna River Document**

*Refer Powerpoint presentation Obj reference: A2668134*

Water Policy Manager Namouta Poutasi and Senior Planner Adam Fort explained to members the current stage of development of the Kaituna River Document, outlined the submissions received, and set out the remaining process until final approval.

Members acknowledged the work required to get the document to this stage and thanked staff for their efforts.

The composition of the hearing panel was clarified, being nine rather than ten primary members, due to the vacant joint Tapuika/Waitaha appointment; and the importance of having consistency of members on the hearing panel and involved in deliberations was noted.

### **Resolved:**

**That the Te Maru o Kaituna River Authority under its delegated authority:**

1. **Receives the report, Next Steps towards approval of the Kaituna River Document;**
2. **Agrees that the Hearing Panel will be required to hold a Deliberations meeting, which involves the making of decisions on submissions and directing any amendments to be made to the proposed version of the Kaituna River Document so that staff can prepare a final version.**
3. **Notes that the Deliberations meeting of the Hearing Panel will be held in September 2017, on a date to be confirmed.**

**Tahana/Hancock  
CARRIED**

## 7.3 **Freshwater Update**

*Refer Powerpoint presentation Obj reference: A2669990*

Water Policy Manager Namouta Poutasi, Senior Water Policy Analyst Glenys Kroon and Senior Water Policy Planner Jo Watts updated members on recent freshwater management developments.

Ms Kroon explained the process to date for Proposed Plan Change 9, outlined key points of submissions received and noted that the hearing stage had been reached. Hearings were scheduled for 20-23 November 2017, with a five-member hearing panel

comprised of two independent commissioners and three Regional Councillors; and a decision was expected to be notified in December 2018.

Ms Watts updated members on three Council Plan Change processes:

- Plan Change 10 – Ms Watts outlined Council’s recent decision in relation to Plan Change 10 and noted there would be a 30 working day appeal period to the Environment Court from 15 August 2017.
- Regional Policy Statement (RPS) Change 3 – Change 3 amends the RPS to incorporate the Rangitāiki River Document developed by the Rangitāiki River Forum and will create a precedent for how the Kaituna River Document could also be treated.
- Plan Change 12 (PC12) – Ms Watts outlined the objectives and process of PC12 and the community consultation and iwi engagement work undertaken in the Kaituna-Pongakawa-Waitahanui water management areas. Ms Watts noted that the initial values and desired in-river states identified by the community groups aligned well with the vision and objectives of the Kaituna River Document. It was clarified that once the Kaituna River Document was approved, Council must recognise and provide for the Document each time it changes its RPS or Regional or District Plans. Staff requested that any iwi who had not been contacted by Council to date to contact Council to agree an engagement process.

Ms Poutasi outlined recent national freshwater management initiatives and summarised the key points from the Ministry for the Environment’s (MFE) Clean Water package. Ms Poutasi noted that MFE had received over 10,000 submissions on the Clean Water discussion document, and highlighted to members that one proposed change to the National Policy Statement for Freshwater Management (NPS-FM) was to clarify the meaning and priority of the concept of Te Mana o te Wai. Staff were assessing the implications of the Clean Water document on Council freshwater work already underway.

**Resolved:**

**That the Te Maru o Kaituna River Authority under its delegated authority:**

1. **Receives the report, Freshwater Update.**

**Flavell/Tapsell  
CARRIED**

## 7.4 **Update on catchment modelling and scenarios for the Kaituna catchment**

*Refer Powerpoint presentation Obj reference: A2669990*

Senior Water Policy Planner Santiago Bermeo presented to members on catchment modelling work being undertaken for the Kaituna catchment to support objective and limit setting. The model developed would show water quality and sources of contaminants, and would be based around different future scenarios of land and water use and management and mitigation practices. Projections of how land use might change in the future would be modelled, and feedback was welcomed from members regarding current land use and any expected changes.

Staff clarified that this model dealt only with surface water and land use and did not include underground water sources, but that information was provided via a sub-model.

The need to engage with iwi and other Māori landowning entities (land trusts as well as settlement entities) and to take into account their aspirations for future development, land use, and water needs, was noted.

**Resolved:**

**That Te Maru o Kaituna River Authority under its delegated authority:**

- 1. Receives and notes the contents of the report, *Update on catchment modelling and scenarios for the Kaituna catchment*.**

**Flavell/Tapsell  
CARRIED**

## 7.5 **Kaituna Catchment Operations Update to 21 July 2017**

*Refer Powerpoint presentation Obj reference: A2680825*

Kaituna Catchments Manager Pim de Monchy updated members on progress with the Kaituna River re-diversion and Maketū Estuary enhancement project. Key points included the completion of the Papahikahawai Bridge, the removal of two causeways and the resultant successful algal flushing, the continued work on the southern shoreline chenier on Papahikahawai Island to create a natural ecozone, and continued progress on Tangata Whenua Collaboration and Mauri Monitoring Plans. Mr de Monchy also noted that the construction tender process was underway.

Mr de Monchy outlined the process and objectives of the Ford Road pump station upgrade project. The pumps served two main functions, land drainage for pastoral production, and flood mitigation. Upgrading was required to maintain levels of service, address health and safety issues, improve the discharge water quality and reduce adverse effects on the Kaituna River, and to future proof for climate and land change. Different scenarios were being modelled including the status quo, naturalised land use, and “credible futures” (future options modelled with different variables).

Mr de Monchy advised members that 14 options had been considered and narrowed down to seven, and the seven options would be discussed with stakeholders in order to finalise a preferred option. Staff were confirming the framework for consultation and engagement with stakeholders, including iwi. Council would then be looking to finalise the design and obtain resource consent in 2018, with construction to begin in 2019.

Comments by members included; concern about the quality of the discharge from the pump station, ensuring the modelling included best use of land and the effects of climate change, inclusion of iwi aspirations, effects on fish species, importance of connecting with Māori recreational and customary users, and that citizen-science and public observations should be taken into account to inform the modelling process.

**Resolved:**

**That the Te Maru o Kaituna River Authority under its delegated authority:**

- 1. Receives the report, *Kaituna Catchment Operations Update to 21 July 2017*;**
- 2. Approves the proposed approach to stakeholder engagement for the Ford Road Pump Station Upgrade Project.**

**Flavell/Tahana  
CARRIED**

8 **Consideration of General Business**

There was no General Business to be considered.

**The meeting closed with a karakia at 10.55 am.**



# Chairman's Report





Receives Only – No Decisions



**Report To:** Regional Council

**Meeting Date:** 26 September 2017

**Report From:** Douglas Leeder, Council Chairman

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## Chairman's Report

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### Executive Summary

Since the preparation of the previous Chairman's Report (for the 17 August 2017 Council meeting) I have attended and participated in a number of meetings and engagements as Chairman on behalf of the Bay of Plenty Regional Council.

This report sets out those meetings and engagements and highlights key matters of interest that I wish to bring to Councillors' attention.

### Recommendations

**That the Regional Council:**

- 1 Receives the report, Chairman's Report.**

### 1 Purpose

The purpose of this report is to update Council on meetings and engagements I have attended and participated in as Chairman and to highlight key matters that will be of interest to Councillors.

The following section summarises these meetings and engagements. I will provide further detail at the meeting in response to any questions you may have.

### 2 Meetings and Engagements

Date	Meeting/Engagement	Comment
14 August	Meeting with Te Arawa Lakes Trust - <i>Rotorua</i>	Attended.

<b>Date</b>	<b>Meeting/Engagement</b>	<b>Comment</b>
17 August	Trustpower Board and Powerco presentation – <i>Tauranga</i>	An opportunity to hear about how they are collectively preparing for the changing energy needs of local businesses and consumers.
23 August	Meeting with Western Bay of Plenty District Council and Tauranga City Council Mayors – <i>Tauranga</i>	Attended.
	Regional Growth Study interview, <i>Tauranga</i>	The Ministry of Business, Innovation and Employment and the Ministry of Primary Industries have commissioned an independent evaluation looking at how the Regional Growth Study has been implemented in the Bay of Plenty and Northland.
24 August	Employers and Manufacturers Association Dinner, <i>Tauranga</i>	Hon. Simon Bridges attended and participated in the table discussion.
31 August	Regional Sector Tour - <i>Auckland</i>	This is covered in more detail in the following section.
1 September	Regional Sector Group Meeting - <i>Auckland</i>	This is covered in more detail in the following section.
5 September	Meeting with Primary Land Users Group - <i>Tauranga</i>	Discussed issues relating to water management.
7 September	Meeting with Whakatāne District Councillor Alison Silcock and farmers upstream from the Kopuriki Road Bridge - <i>Whakatane</i>	Discussed challenges that these farmers are facing.
8 September	Rotorua Te Arawa Lakes Strategy Group - <i>Rotorua</i>	Attended.
12 September	Ōhiwa Harbour Implementation Forum meeting – <i>Whakatāne</i>	Attended.
	Eastern Bay of Plenty Mayors, Chairs and CEs quarterly meeting – <i>Ōpōtiki</i>	Attended.
14 September	Early Risers Breakfast, <i>Edgecumbe</i>	The breakfast was part of the Fonterra Early Risers campaign that highlights the good work that is happening on-farm and the contribution the Co-op makes to our communities and the economy.

Date	Meeting/Engagement	Comment
	Launch of Te Kawa o Te Urewera - <i>Taneatua</i>	An event to mark the completion of Te Kawa with supporters and contributors that have enabled its expression.

### 3 Matters of Potential Interest

#### 3.1 Regional Sector Group (RSG) Tour and Meeting

The RSG tour on 31 August 2017 was hosted by Auckland Council and focussed on some of Auckland's challenges and opportunities around the three waters. Four sites were visited in Papakura, Flat Bush, Tamaki and Mission Bay. The topics discussed included; Special Housing Areas, At-source Stormwater Treatment, Flooding Issues, Swimmability, Litter and Climate Change and Urban Design.

At the RSG meeting on 1 September 2017, for regional/unitary council Chairs/Mayors and Chief Executives, a variety of topics were discussed with a focus on updates covering:

- Our Land and Water National Science Challenge – a presentation and discussion about the Challenge objectives, key projects and how the regional sector can get engaged with the Challenge. The Challenge aims to enhance primary sector production and productivity while maintaining and improving land and water quality for future generations.
- Fonterra – a presentation on Fonterra's business, strategy and plan for water. Fonterra's Water Plan covered their: Place (their factories and farms), Community (50 catchments), and Future (research and development, innovation and new technology).
- Water – discussed the National Swimmability targets and the confirmed amendments to the National Policy Statement for Freshwater Management (NPSFM). The Ministry for the Environment undertook a review on how unitary and regional councils are progressing towards implementing the NPSFM which is now available on their website.
- Operational Updates: Biodiversity - the regional sector thinkpiece on the future of Biodiversity Management in New Zealand was launched in August 2017, and makes five recommendations for change to address New Zealand's biodiversity challenge. The regional sector are keen to meet with territorial authorities to discuss the thinkpiece and identify any opportunities in the biodiversity space.

Doug Leeder  
**Chairperson**

**for Council Chairman**

**15 September 2017**



# Chief Executive's Reports



# External Presentation





# Chief Executive's Reports Continued





**Report To:** Regional Council

**Meeting Date:** 26 September 2017

**Report From:** Mat Taylor, General Manager, Corporate Performance

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## **Quayside Holdings Limited Annual Financial Statements for the year ended 30 June 2017**

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### **Executive Summary**

The purpose of this report is to provide a review on the performance of Quayside Holdings Limited for the year ended 30 June 2017, and for Council to receive and adopt the Annual Report and financial statements of Quayside Holdings Limited and its subsidiaries for the year ended 30 June 2017.

Performance has met the expectations set out in the Statement of Intent – with net dividend payments to Council in 2016/17 financial year totalling \$20.8 million, and gross dividend payments to Perpetual Preference Shareholders of \$11.0 million in accordance with the Investment Statement, therefore satisfying the Statement of Intent target for the year.

All objectives set in the Statement of Intent were achieved in the 2016/17 financial year.

Council are also required to appoint Auditors, and set the Director remuneration pool.

#### **Note**

**Quayside Holdings Limited will be at the meeting to present and discuss various matters relating to their financial statements. This discussion will be part of the public excluded part of the agenda, and following the recommendations in this report.**

### **Recommendations**

**That the Regional Council:**

- 1 Receives the report, Quayside Holdings Limited Annual Financial Statements for the year ended 30 June 2017;**
- 2 Adopts the Annual Financial Statements for Quayside Holdings Limited for the period ended 30 June 2017.**
- 3 Reappoint the Office of the Auditor-General, as the Auditors of the Company, and authorise the Directors of Quayside Holdings Limited to negotiate with the Office of the Auditor-General pursuant to the Public Audit Act 2001 to fix the Auditor's remuneration for the ensuing year.**

- 4 **Agrees that, on the basis of seven directors, the aggregate remuneration pool for Quayside Holdings Limited directors remains unchanged at \$190,000.00 (plus GST if any), and that it be noted that Quayside Holdings Limited intends to approve an equivalent limit to be divided between directors of Quayside Holdings Limited's subsidiaries – Quayside Securities Limited and Quayside Properties Limited.**
- 5 **Confirms that the decision has a low level of significance.**

## 1 Background

Quayside Holdings Limited is required to provide annual reporting information to shareholders within three months of the end of the financial year as set out in the Local Government Act 2002. This report must include:

- A comparison of the performance of the organisation and its subsidiaries with the statement of intent
- An explanation of any material variances
- The dividend to be paid
- Audited consolidated financial statements
- Auditors report on those financial statements

The Bay of Plenty Regional Council has received the Annual Report and an assessment of performance targets against the Statement of Intent. This accompanies this report and key highlights are discussed below.

Quayside Holdings Limited will be at the meeting to present their financial statements.

## 2 Overall Group Financial Performance

For the 12 months to 30 June 2017 the Quayside Group recorded a net profit after tax of \$97.6 million.

### Port Operations

The Port Operations contributed significantly to the profit result, achieving a net profit after tax of \$83.4 million, an increase of \$6.1 million on the previous year's result of \$77.3 million.

### Quayside Holdings and Subsidiaries - Group Results

#### 2.1 Income Statement

The highlights from the Income Statement are:

- Total revenue is \$283.2 million compared to \$270.2 million in the previous year, an increase of \$13 million (5%).
- Total expenditure was \$128 million compared to \$130.1 million in the previous year, a decrease of \$2.1 million (2%).

- Group net profit after tax (NPAT) increased by \$11.1 million from the previous year from \$86.5 million in 2015/16 to \$97.6 million in 2016/17.

### **3 Statement of Intent Targets 2016/17**

During the year the Council has been fully informed by the Quayside Group as to the performance of the shareholding in Port of Tauranga and other investments.

The performance has met the expectations set out in the Statement of Intent – specifically, net dividend payments to Council in 2016/17 financial year totalled \$20.8 million, and gross dividend payments to Perpetual Preference Shareholders totalled \$11.0 million in accordance with the Investment Statement, therefore satisfying the Statement of Intent target for the year.

All nine objectives set in the Statement of Intent, and reported on pages 72-73 of the Annual Report, were achieved in the 2016/17 financial year.

### **4 Financial Implications**

#### **Current Budget**

These are set out in the report.

#### **Future Implications**

These are set out in the report.

### **5 Community Outcomes**

This activity contributes to Community Outcomes in the council's Long Term Plan 2015-2025.

#### **5.1 Long Term Plan Alignment**

This work is planned under the Corporate Services Activity in the Long Term Plan 2015-2025.

Mat Taylor  
**General Manager, Corporate Performance**

**18 September 2017**



**SUPPORTING DOCUMENT - Quayside Holdings  
Limited Annual Financial Statement for the year ended  
30 June 2017**





Receives Only – No Decisions



**Report To:** Regional Council

**Meeting Date:** 26 September 2017

**Report From:** Mat Taylor, General Manager, Corporate Performance

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## **Council Performance Monitoring Report 2017/18 July to August, Months 1 to 2**

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### **Executive Summary**

This report provides Council with information to review financial and non-financial performance for all Council activities for the first two months of the 2017/18 financial year. The Council Performance Monitoring Report provides a more detailed overview of operating revenue and expenditure, capital and non-financial performance measures.

The forecast end of year decrease in the net operating deficit is \$1.5 million based on forecast additional revenue from Ministry for the Environment (MfE) for the Kopeopeo Canal Remediation Project. Capital year end forecast underspend is \$4.5 million due to delays in the Kopeopeo Canal Remediation Project due to weather conditions and revised procurement timelines associated with the Kaituna River Re-Diversion Project.

The confidential Appendices provide Council with detailed investment analysis and forecasts for the remainder of the financial year.

There are 46 Long Term Plan KPI's being measured this year. Currently 35 are on-track, four KPIs are tracking off-target and seven do not have data available at this stage of the year.

### **Recommendations**

**That the Regional Council:**

- 1 Receives the report, Council Performance Monitoring Report 2017/18 July to August, Months 1 to 2;**
- 2 Notes the financial and non-financial performance monitoring information provided, including variations from the budget.**

### **1 Introduction**

This report provides Council the first two months of 2017/18 financial and non-financial performance information for all Council activities.

It provides an overview of council performance as set out in year three of the Long Term Plan 2015-2025, and updated in the adopted Annual Plan 2017/18.

Financial information includes both operating and capital revenue and expenditure. Non-financial information is the monitoring of key performance indicators.

## 2 Monitoring Report and Appendices

### 2.1 Monitoring Report

The Council Performance Monitoring Report 2017/18 Months 1-2 (July to August) for the first two months of the financial year is provided with this report as a supporting document.

### 2.2 Confidential Appendix 1 and 2

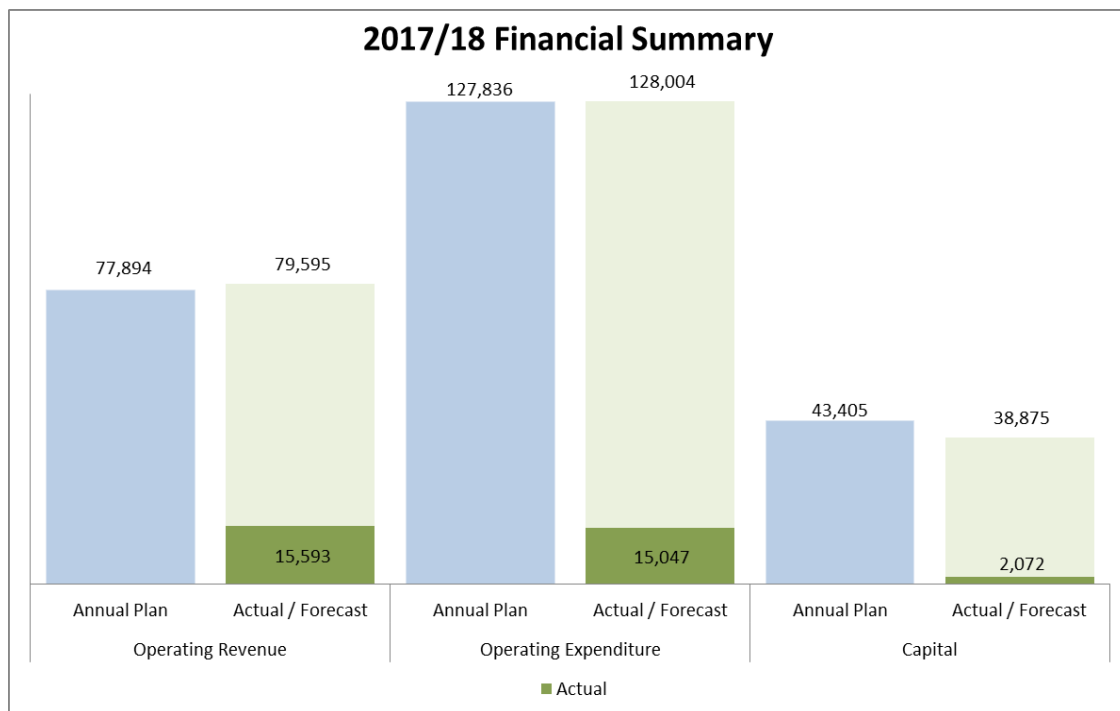
Appendix 1 (Investments Performance Report) for the first two months of the financial year is provided under the confidential part of the agenda.

Appendix 2 (Investment Fund Valuation Report for August 2017) provided by our treasury advisors, Bancorp, is also provided under the confidential part of the agenda.

## 3 Financial Information

### 3.1 Financial Summary

The overall financial variances for all council activities are shown in detail in the attached report. The financial report provides an end of year forecast and variation for revenue and expenditure based on current information.



The report highlights:

- A forecast end of year decrease in net *operating* deficit of \$1.5 million due to an increase in forecast revenue from MfE for the Kopeopeo Canal Remediation Project.
- A forecast end of year net *capital* underspend of \$4.5 million due to weather delays in the Kopeopeo Canal Remediation Project and procurement delays in the Kaituna River Re-diversion Project.

### 3.2 Council Investments

The Council’s months 1 to 2 investment performance for 2017/18 is provided in a confidential appendix included with the council agenda.

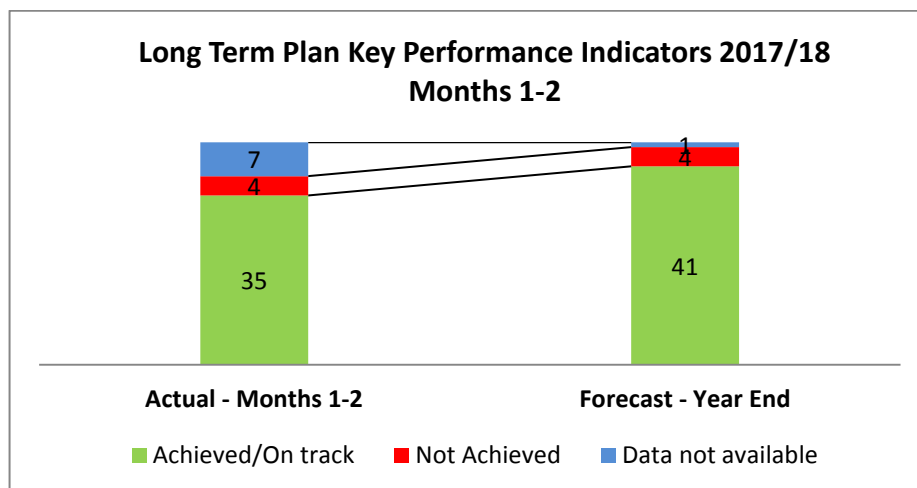
Cash-flow forecasts are regularly updated based on the Long Term Plan and Annual Plans, and in-year financial monitoring reports.

## 4 Non-Financial Performance – Key Performance Indicators (KPI’s)

There are 46 Long Term Plan KPIs being measured this year. Details of the performance for the first two months, and the forecast end of year result are shown in the attached report.

This report identifies four KPIs that are off track and seven KPIs do not have data available at this point in time.

The current and forecast performance is shown in the graph below.



## 5 Council’s Accountability Framework

### 5.1 Community Outcomes

This project/proposal directly contributes to the Regional Collaboration and Leadership Community Outcome/s in the council’s Long Term Plan 2015-2025.

### 5.2 Long Term Plan Alignment

This work is planned under the Corporate Services Activity in the Long Term Plan 2015-2025.

**Current Budget Implications**

This work is being undertaken within the current budget for the Corporate Services Activity in the Annual Plan 2017/18.

**Future Budget Implications**

Future work on Council Monitoring is provided for in Council's Long Term Plan 2015-2025.

Debbie Hyland  
**Finance and Corporate Performance Manager**

**for General Manager, Corporate Performance**

**19 September 2017**

**SUPPORTING DOCUMENT - Supporting Document -  
Council Performance Monitoring Report 2017/18  
Months 1 to 2 (July to August)**





**Report To:** Regional Council

**Meeting Date:** 26 September 2017

**Report From:** Fiona McTavish, General Manager, Strategy & Science

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## Western Bay Public Transport Blueprint bus network approval

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### Executive Summary

This report outlines recommendations from the Public Transport Committee (the Committee) meeting held on 25 August 2017 for Council for the Western Bay of Plenty Blueprint bus network approval. The paper also provides the requested further advice and recommendations on customer service outcomes and hybrid or electric vehicles in new bus operating contracts for the western Bay sub-region.

The Committee has recommended to Council that funding be increased for Tauranga Urban, Tauranga School, and Western Bay of Plenty District bus services with a combined estimated cost to Council of up to \$6.8 million per annum. Additional programmes to support increased patronage are also recommended with a cost of up to \$130,000 per annum. Staff will work with other entities seeking joint funding and delivery arrangements.

The Committee has also recommended to Council that further consultation relating to bus network designs in the western bay Sub-Region not be undertaken through the Long Term Plan (LTP) due to the extensive engagement exercise already undertaken. The Committee recommends instead that funding from Targeted and General rates for Public Transport be consulted through the LTP. Staff recommend that a targeted public transport rate is introduced for the Western Bay of Plenty District and that for Year 1 of the 2018-28 LTP 80% of public transport funding is provided by targeted rate increasing to 100% in Year 2 and subsequent years.

Staff recommend an incentive mechanism for new contracts that will encourage improvements in customer service on our western Bay sub-region bus services and are seeking funding to deliver this mechanism of \$100,000 per annum.

Staff recommend implementing hybrid or electric vehicles within the new operating contracts by introducing five hybrid busses in the initial fleet of vehicles for new operating contracts at an estimated additional cost of \$260,000 per annum and with a net reduction in carbon emissions of 200 tonnes per annum. The option to increase the number of hybrid or electric vehicles through the life of the contracts through negotiations with the operator will also be built into this contract. Staff also recommend that the procurement approach seeks prices for these hybrid buses to be included or excluded so that further work can be completed on other entities buying or leasing these vehicles over the term of this contract.

### Recommendations

**That the Regional Council:**

- 1 Receives the report, Western Bay Public Transport Blueprint bus network approval.**

**Public Transport Committee Recommendations**

- 2 In regard to the recommendations relating to the 'Western Bay Public Transport Blueprint Bus Network Approval':**
  - a. Agrees that consultation through the 2018 - 2028 Long Term Plan process will address issues relating to the funding of passenger transport services across the region including the outcomes of the Regional Fare Review.**
  - b. Agrees that further consultation on the Tauranga Urban, school services, and Western Bay District services will not be required through the 2018 - 28 Long Term Plan process.**
  - c. Agrees to fund the Western Bay of Plenty District bus network as described in Part 5 of this report as the preferred network. The estimated gross operating cost estimate for 2018/19 is \$560,000 per annum and the estimated funding gap to Council is \$122,000 per annum.**
  - d. Agrees to fund the Tauranga urban service as described in section 8.4 of this report as the preferred network. The estimated gross operating cost estimate for 2018/19 is \$13.2 million per annum and the estimated funding gap for Council is \$1.5 million.**
  - e. Agrees to fund Tauranga school buses as described in Part 7 of this report. The estimated gross operating cost for 2018/19 is about \$2.0 million dollars and the estimated cost to Council is \$630,000.**
  - f. Agrees to fund a new Travel Safe bus programme for Year 7 and 8 students to encourage independent bus travel at an unbudgeted cost to Council of \$100,000 per annum for Years 1 through 3 of the 2018 - 2028 Long Term Plan.**
  - g. Agrees to fund a trial crossing guard programme for schools to improve safety of school students and encourage independent travel at an unbudgeted cost to Council of \$30,000 in Year 1 of the 2018 - 2028 Long Term Plan.**

**More environmentally friendly buses**

- 3 Approves the requirement in the Western Bay of Plenty Public Transport Blueprint tender specification for the provision of five hybrid buses for the start of the new contracts at an estimated additional gross cost of about \$260,000 per annum.**
- 4 Agrees that the procurement approach seeks prices for these hybrid buses to be included or excluded so that further work can be completed on other entities buying or leasing these vehicles over the term of this contract.**
- 5 Notes that it is intended that the new contracts will be agile and flexible in order to respond to an ever changing operating environment (particularly technological).**



- 6 Agrees to signal in the Western Bay of Plenty Public Transport Blueprint tender specification that Council intends to increase the hybrid bus fleet composition through the term of the new contracts.**

#### **Customer service incentives**

- 7 Approves the requirement in the Western Bay of Plenty Public Transport Blueprint tender specification of customer service incentives from 2018/19 to 2020/21 and thereafter by review, at an estimated additional gross cost of about \$100,000 per annum.**
- 8 Confirms that 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 Public Transport Committee Recommendations**

Committees and subcommittees are empowered to make decisions within their terms of reference without having to go back to full Council. Where a matter is beyond a committee (or subcommittee) terms of reference they can make recommendations to their parent bodies or full Council. When the parent body or full Council considers such a recommendation it can resolve to:

- (i) adopt the recommendation;
- (ii) modify the recommendation;
- (iii) refer the recommendation to another committee; or
- (iv) defer or decline a recommendation (giving reasons).

This report outlines recommendations from the Public Transport Committee meeting held on 25 August 2017 for Council to consider. At that meeting Committee recommended to Council that it:

- 1. "Agrees that consultation through the 2018 - 2028 Long Term Plan process will address issues relating to the funding of passenger transport services across the region including the outcomes of the Regional Fare Review.*
- 2. Agrees that further consultation on the Tauranga Urban, school services, and Western Bay District services will not be required through the 2018 - 28 Long Term Plan process.*
- 3. Agrees to fund the Western Bay of Plenty District bus network as described in Part 5 of this report as the preferred network. The estimated gross operating cost estimate for 2018/19 is \$560,000 per annum and the estimated funding gap to Council is \$122,000 per annum.*
- 4. Agrees to fund the Tauranga urban service as described in section 8.4 of this report as the preferred network. The estimated gross operating cost estimate for 2018/19 is \$13.2 million per annum and the estimated funding gap for Council is \$1.5 million.*
- 5. Agrees to fund Tauranga school buses as described in Part 7 of this report. The estimated gross operating cost for 2018/19 is about \$2.0 million dollars and the estimated cost to Council is \$630,000.*

6. *Agrees to fund a new Travel Safe bus programme for Year 7 and 8 students to encourage independent bus travel at an unbudgeted cost to Council of \$100,000 per annum for Years 1 through 3 of the 2018 - 2028 Long Term Plan.*
7. *Agrees to fund a trial crossing guard programme for schools to improve safety of school students and encourage independent travel at an unbudgeted cost to Council of \$30,000 in Year 1 of the 2018 - 2028 Long Term Plan.”*

The Public Transport Committee also resolved:

2. *“Requests staff continue to progress work on how customer service outcomes can be improved with the Western Bay Transport Blueprint procurement and report back to BOPRC Council on 26 September 2017.*
3. *Requests staff to continue to progress work on deploying hybrid or electric buses as a key component of achieving a carbon neutral environment for the Bay of Plenty region.*
4. *Requests that staff report back on how these buses can be progressively introduced within the new Western Bay of Plenty bus contracts and report back to BOPRC Council on 26 September 2017.”*

In regard to recommendation 1, the Council also considered the issue of the General Fund/Targeted Rates funding mix at a 2018-28 Long Term Plan workshop on 4 September 2017 and has provided some guidance on the direction it would like to take in this regard.

## **2 Western Bay Bus Networks**

The Public Transport Committee recommended to Council on 25 August 2017 that it approve:

- the Western Bay of Plenty District bus network as described in Part 5 of the 25 August 2017 Committee report;
- the Tauranga urban service as described in section 8.4 of the 25 August 2017 Committee report; and
- the Tauranga school bus network as described in Part 7 of the 25 August 2017 Committee report.

The Committee has also recommended to Council that it agree to fund:

- a new Travel Safe bus programme for Year 7 and 8 students to encourage independent bus travel; and
- a trial crossing guard programme for schools to improve safety of school students and encourage independent travel.

Staff will work with other entities seeking joint funding and delivery arrangements.

The Public Transport Committee paper is included as Appendix One and will provide members with the detail to support recommendations 2C to 2G above.

Council should note that flexibility has been built into the Blueprint networks by using a hub and spoke model that makes it cheaper and easier to add new routes to the network. Services have been concentrated on key corridors with fewer twists and turns that make both automation and bus priority measures easier to implement.

## **3 Improved Customer Service Outcomes**

As part of developing the Western Bay of Plenty Public Transport Blueprint networks, Councillors asked staff to provide them with information on the implications of requiring bus contractors to pay their drivers the “Living Wage”. This was considered at the Committee meeting on 25 August 2017 and members indicated that the focus should shift to achieving a better customer service outcome rather than paying people more.

Staff were asked to provide further advice and recommendations on improving customer service outcomes. Several options are available to deliver better customer service outcomes through the new bus contracts. Council staff recommend a multi-layered approach that focuses on:

- customer service outcomes in the tender evaluation process;
- incentive schemes; and
- priced key performance indicators (KPIs).

### 3.1 **Tender Evaluation**

Customer service will be evaluated as part of several quality attributes in the Request for Proposal tender documents and staff consider the current quality attributes will achieve improved customer service outcomes.

### 3.2 **Incentive schemes**

Incentive schemes can be included in this Western Bay Public Transport Blueprint contracts. Any incentive/penalty scheme could be introduced and set for three years prior to being reviewed for effectiveness. Staff will work with the successful operator to ensure the effective implementation of an incentive scheme.

### 3.3 **Priced Key Performance Indicators (KPIs).**

Customer service KPIs can be used to incentivise or penalise a bus operator that exceeds or fails the KPI.

Initiatives in other regions include:

- the Waikato Regional Council approach has been to include Priced KPIs to incentivise high performance in relation to specific service reliability and customer satisfaction factors within the control of the Service Provider and provide a rebate to the Council where poor performance means the Council is not receiving value.
- Greater Wellington Regional Council include a Customer Satisfaction Threshold as part of their surveys.
- Otago Regional Council (ORC) include a Customer Feedback KPI around the number of compliments or complaints received regarding the different service attributes (e.g. punctuality, vehicle cleanliness, comfort). The ORC also have a driver incentive process that they partially fund at a cost of approximately \$10,000 per year.

### 3.4 **Recommendation**

Staff recommend that an incentive scheme is introduced within the new contracts. Given the experience of other regional councils, it is recommended that customer service incentives be introduced from 2018/19 to 2020/21 and thereafter by review, at an estimated additional gross cost of about \$100,000 per annum.

## 4 Hybrid or Electric Buses

At the 25 August 2017 Public Transport Committee meeting staff were asked to prepare further information regarding options for implementing electric or electric-hybrid vehicles as part of new bus operating contracts.

Council should also note that the new contracts will be drafted to enable the introduction of new technologies through the term of the contract easier as old assets are retired. A separate contracting unit has been included in the Regional Public Transport Plan that will allow for novel and proprietary vehicles or services to be tested and implemented. And partnerships with our operators will ensure that innovation is encouraged.

### 4.1 Carbon reduction through electric and hybrid-electric vehicle options

National carbon reduction targets have been agreed through the Paris agreement with New Zealand's target to reduce emissions to 30 per cent below 2005 levels by 2030.

When fully implemented the Blueprint bus networks (excluding school services) will account for 0.1% of the transport carbon emission in Tauranga. The Council has the choice to reduce transport carbon emissions by investing in more public transport services, reducing the carbon emissions from the bus fleet or a combination of both.

When examining the cost of CO<sub>2</sub> reductions for different vehicles types there a very wide range of associated costs including fuels costs, battery replacement, maintenance, charging infrastructure, training, and vehicle wear (such as brakes and drive train). Only real world trials can provide accurate costs and benefits across the wide range of variables and this is the approach being taken in other regions of New Zealand

For the purposes of this report, a research based exercise has been undertaken to determine the likely costs and CO<sub>2</sub> reductions that can be achieved with different technologies. The exercise only includes fuel costs and bus purchase costs and is intended to be representative only. These are presented in the Table below.

High utilisation vehicle kms travelled (112,000km per year)					
Annual Costs/Savings	Cost of capital	Deprecitation	Fuel Cost savings	Net cost increase	Cost per tonne CO2 reduction
Diesel Bus (euro 3, 2nd hand)	16000	17697			
Diesel (euro 6, new)	35200	29948	7025	42123	4376
hybrid	48000	40839	20608	52231	2035
Electric	80000	68064	34720	97344	1632

The exercise estimates that use of hybrid and electric vehicles as a replacement vehicle for our current diesel fleet vehicles (euro 3) comes with an associated cost of between \$1,600 and \$2,000 per tonne of carbon reduction. This compares with New Zealand carbon emissions trading scheme that places a cost of approx. \$20 per tonne of carbon.

This being said there is significant leeway to increase the utilisation of these vehicles within the fleet to achieve greater fuel savings and carbon reductions above what is presented here. This would only be possible for a limited number of vehicles within the fleet given the scheduling requirements. It would appear that the introduction of an entire fleet of electric or hybrid vehicles would not be a cost effective solution for

carbon reduction but there is potential for a small number of vehicles to provide cost effective solutions for reducing carbon emissions.

Feasibility assessments for the deployment of hybrid vehicles and electric vehicles in the western bay Sub-Region has been undertaken and a range of options are presented below.

#### 4.2 **Option 1: Fully implement hybrid buses in new contracts**

**Impact on competition for new contracts:** It is unlikely that all operators will be able to prepare a fleet of 60 hybrid vehicles in time for new contracts to begin as a result of capital constraints and required manufacturing timeframes. This will reduce the competitiveness of the tendering process and may result in a significant increase in cost to Council.

**Impact on carbon reduction:** Estimated at 1,600 tonnes per annum.

**Impact on cost of contract:** Increase cost by approximately \$3.5m per annum but possibly more due to reduced competition.

**Other Risks:** Hybrid bus technology is not yet fully mature and there are issues with maintenance and training of maintenance staff. A full fleet of Hybrid buses may result in reliability issues for users if maintenance becomes an issue.

May be superseded by electric buses before the end of the contract.

**Opportunities:** Buses utilised in this scenario are likely to be new or have new drive systems increasing the service quality and attract greater patronage however any increased fare revenue will be small when compared to the cost of introducing hybrids.

#### 4.3 **Option 2: Inclusion of 5 hybrid buses in new contracts with option to increase fleet composition through contract life**

**Impact on competition for new contracts:** The small number of hybrid vehicles is not likely to significantly affect the competition in the market. Issues with finding appropriately skilled maintenance staff may be an issue.

**Impact on carbon reduction:** Will be minor at commencement of the contract with 200 tonnes saved per annum. This could rise to 770 tonnes per annum if the fleet were to move to 50% hybrid over the life of the contract.

**Impact on cost of contract:** Likely to result in a \$260k increase in contract price initially. Additional hybrids deployed as older buses are retired from the fleet will increase costs further but can be managed as and when required.

**Other Risks:** Limited number of hybrid vehicles will not materially impact reliability as the majority of the fleet will be diesel at commencement.

**Opportunities:** Provides time to develop relationships with hybrid bus builders and operators to reduce cost of implementation through life of contract. Provides opportunity to test technology and a smoother transition to other technologies.

#### 4.4 **Option 3: Inclusion of 5 electric buses in new contracts with option to increase fleet composition through contract life**

**Impact on competition for new contracts:** Similarly to option 1 including electric vehicles is likely to exclude a number of tenderers due to the additional capital and manufacturing requirements. Electric vehicles also require additional infrastructure which further inhibits deployment within the given time frames.

**Impact on Carbon reduction:** Will be 460 tonnes CO<sub>2</sub> equivalents per year at commencement. This could rise to 1800 tonnes per annum if the fleet were to move to 50% electric over the life of the contract.

**Impact on cost of contract:** Inclusion of 5 electric buses in the fleet would increase costs by approx. \$500k per year excluding the cost of infrastructure and battery replacements. Infrastructure costs for these components is largely unknown however an upfront cost of up to \$1m would not be an unreasonable approximation. The reduction in competition through the tender process is likely to lead to further cost increases.

**Other Risks:** Electric buses are not common in New Zealand and there are likely to be issues associated with maintenance, replacement of parts for buses and charging infrastructure. This will reduce reliability and possibly the amount of run time these vehicles will receive.

**Opportunities:** Provides time to develop relationships with bus builders and operators to reduce cost of implementation through life of contract. Provides opportunity to test technology and a smoother transition to other technologies.

#### 4.5 **Option 4: Separate purchase or lease of electric or hybrid buses for deployment on new contract**

**Impact on competition for new contracts:** Operators may be reluctant to operate unknown buses particularly with relatively new technology however this could be managed through a negotiation process with operators and by allowing their input into the purchase or leasing arrangements.

**Carbon reduction:** As per Option 3.

**Impact on cost of contract** The cost of operating contracts will not be significantly impacted however there will be external costs to Council or another entity of up to \$1m per bus purchased and costs associated with installation of charging infrastructure.

**Other Risks:** BOPRC does not have experience in the purchase or lease of buses and would be reliant on seeking advice from other regions and operators. This should not be a significant barrier but may result in deployment taking longer than otherwise.

#### 4.6 **Option 5: Defer implementation and negotiate with new operator(s)**

**Impact on competition for new contracts:** Will not impact new contracts although the cost of implementing outside the tender process may result in slightly higher implementation costs at a later date.

**Impact on Carbon reduction:** Largely unknown however Council would have 100% certainty around the level of reduction and the cost of doing so before implementation.

**Impact on cost of contract:** None

**Other Risks:** This may be viewed negatively by members of the public that would like to see carbon reductions from the bus fleet.

**Opportunities:** Negotiation with preferred operator will provide price clarity and ensure that the tender process is not delayed

#### 4.7 Option 6: Set a carbon emissions target or financial incentive within bus operating contracts to encourage low carbon technologies

**Impact on competition for new contracts:** Should not materially affect competitiveness of tender process

**Impact on Carbon reduction:** This would be dependent on the strength of the mechanism used. Any incentive paid would need to be significantly above the current ETS carbon price of \$20/ton CO<sub>2</sub>.

**Impact on cost of contract:** Again this is dependent on the mechanism used however the cost will be open and transparent with the possibility to fix both the price and the annual maximum incentive.

**Other Risks:** Operators may choose to off-set emissions by purchasing carbon credits which may not be the outcome Council is looking for. This risk could be mitigated through the terms of the contract.

**Opportunities:** This mechanism opens up the opportunity for novel solutions to reduce carbon emissions and ensuring that carbon reduction mechanisms are cost effective.

#### 4.8 Option Analysis

Staff recommend Council adopt Option 2 as well as continuing to investigate the option of a separate entity leasing or buying these specific buses.

Option	Impact on Competition	Carbon Reduction (tonnes CO2 equiv)	Impact on Cost of Contract (per annum)	Other Risks	Opportunities
1 - All hybrid fleet	XXX	1,600	\$5-7million	untried technology	newer, more comfortable buses
2 - 5 hybrid buses	none	200	\$260,000	none identified	enables trialling of new technology
3 - 5 electric buses	X	460	\$500,000	upfront infrastructure costs (up to \$1million)	enables trialling of new technology
4 - Lease or purchase electric/hybrid buses	X	to be determined	as determined by Council	no vehicle ownership experience	
5 - Defer implementation and negotiate with operators	none	to be determined	as determined by Council	may result in slightly high costs due to non-competitive nature	ensures no delays in service contracting
6 - Set carbon emission target or financial incentive in contracts	none	cost of off setting CO2 likely to be significantly higher than through other mechanism ie CO2 trading		no surety on how CO2 reductions might occur	novel CO2 reduction solutions may be developed

As can be seen from the table above Option 2:

- is a relatively low risk option;
- will not significantly reduce competition in the tender for operating contracts;

- provides an opportunity to test new technology without requiring significant investment in infrastructure or buses until the technology has been fully tested; and the relatively small cost of implementing this improvement may avoid the necessity to re-draft the Blueprint Business Case for NZTA.

Staff also recommend continuing to investigate the feasibility of another entity leasing or buying these buses (see option 4 above). Initial conversations have been held with the Quayside CEO on this option. To continue to progress this work, staff recommend that the procurement approach seeks prices for these hybrid buses to be included or excluded so that further work can be completed on other entities buying or leasing these vehicles over the term of this contract.

#### **4.9 Transport Agency Requirements**

In terms of value for money, when asked if the New Zealand Transport Agency would fund its share of the cost of hybrid or electric vehicles, it has responded that the initiative would need to deliver value for money.

The Blueprint Business Case is the mechanism to demonstrate value for money. Following this meeting Council staff will be able to take stock and determine whether or not they need to review the current Business Case economic evaluation (which currently has a good investment profile).

Should Council significantly increase the cost of the current Blueprint networks (for example requiring a fully electric bus fleet), staff will need to re-run that assessment and it is likely to have a lower investment profile (risks for Agency co-investment).

### **5 Analysis of Options**

Addressed in Section 4 of this report.

### **6 Community Views**

The views of the community were sought through an extensive engagement process in the western Bay sub-region. The community expressed a strong preference for changes to the proposed networks and these have largely been incorporated within the current design.

The community expressed dissatisfaction with the proposed school network and further engagement has been undertaken to address these issues. At the time of writing schools representing over half of the affected students have agreed to new proposals and work is ongoing to accommodate the remaining schools. Positive engagement to date with the schools provides a strong level of confidence that staff will be able to reach a positive outcome for this community.

### **7 Māori Implications**

The Māori population in the Bay of plenty is around 28% of the total population. Council has responsibilities to Māori under a number of statutes, particularly the Resource Management Act 1991(RMA), and the Local Government Act 2002 (LGA). Specifically, Part 2, Section 6 and Section 7 of the RMA recognises and provides for participation in decision making, having regard to kaitiakitanga, consultation and fostering development.



The Public Transport Blueprint work considers the effect on access to land, water or significant places for Māori and to that end has been presented to the combined Tangata Whenua SmartGrowth forum. The recommended option is consistent with the Tangata Whenua position paper presented to SmartGrowth.

While it is reasonable to consider that the impact of this procurement on Maori is limited, the effect on the community in general also extend to Māori. Māori benefit from the continued deployment of accessible buses, and the general improvement of bus frequency and travel times. An improvement in bus emission standards, through newer buses, also enhances the Mauri of the air quality in the area. This is in line with the cultural values of Tangata Whenua.

## 8 Financial Implications

### 8.1 2018 - 2028 Long Term Plan Financial Impact

The financial implications of implementing the Public Transport Committee recommendations for bus networks and the recommendations in this report relating to hybrid vehicles and customer service are detailed in the Table below.

Blueprint Networks	2017/18 Budget Expenditure	2017/18 Budget Revenue	2018/19	2019/20 (1st full year)	2020/21	2021/22
Contract expenditure	\$12,963,095		\$16,176,160	\$18,192,485	\$18,192,485	\$18,722,307
Fare revenue		-\$3,211,775	-\$3,441,625	-\$3,920,152	-\$4,289,782	-\$4,650,182
NZTA investment		-\$4,780,450	-\$6,173,390	-\$6,947,467	-\$6,758,956	-\$6,896,361
SuperGold/Misc Rev		-\$549,848	-\$549,848	-\$549,848	-\$549,848	-\$549,848
	\$12,963,095	-\$8,542,073				
		\$4,421,022	\$6,011,296	\$6,775,018	\$6,593,899	\$6,625,916

The cost estimates above vary to those presented at the August 2017 Public Transport Committee meeting due to the following:

- Committee direction that implementation of an extension in the City Loop service be moved from Year 4 of the LTP to Year 2;
- an assumption that the existing contracts will be extended through to December 2018;
- the inclusion of NZTA's share of funding for the proposed contract extensions effecting Year 1 of the next Long Term Plan;
- the inclusion of a crossing guard programme in 2018/19 (\$30,000 – included as fully funded by Council);
- the inclusion of a travel Safe bus education programme in 2018/19 to 2020/21 (\$100,000 per annum – included as fully funded by Council);
- customer service incentives in 2018/19 to 2020/21 and thereafter by review (\$100,000 per annum); and
- the inclusion of five hybrid buses in Tauranga from 2018/19 (\$260,000 per annum).

The net effect of these changes requires an increase in Council funding of \$1.6 million in 2018/19 compared to 2017/18 and then an additional \$0.8 million in 2019/20.

Based on the current General Funds/Targeted rates ratio, the additional \$1.6 million for 2018/19 would be split:

- general funds - \$0.6 million;
- targeted rates - \$1.0 million.

That said, it should be noted that while the estimates presented here have been prepared in a robust manner, they contain a level of uncertainty. Part of that is driven by uncertainty around some of the School services but the majority is because the services are yet to be tendered and the market will ultimately decide the final price for services.

The uncertainty around school services is relatively minor with staff expecting only minor changes to the proposals being delivered to schools. Further adjustments will also be needed closer to the contract start date as a result of changing rolls and as new local, schools come on stream.

The public transport operating market is highly competitive and the value of contracts being tendered is likely to draw significant interest from across New Zealand. There is potential for bids to come in either higher or lower than the financial estimates provided here. It is noted that recent tenders in both the Eastern Bay of Plenty and Rotorua have come under the estimated price reflecting robust competition in the market place.

## 8.2 General Funds / Targeted Rates Ratio

The Council 2018 – 2028 Long Term Plan workshop that was held on 4 September 2017, provided some guidance on the direction it would like to take in regard to the future General Fund/Targeted Rate ratio.

In accordance with that workshop direction, three scenarios are shown in the table below. It should be noted the costs below are not for the full Passenger Transport Activity, but only the western Bay of Plenty sub-region's bus contracts:

Blueprint Networks		2017/18 Budget Expenditure	2017/18 Budget Revenue	2018/19	2019/20 (1st full year)	2020/21	2021/22
Natural Account							
2500	Contract expenditure	\$12,963,095		\$16,176,160	\$18,192,485	\$18,192,485	\$18,722,307
1604	Fare revenue		-\$3,211,775	-\$3,441,625	-\$3,920,152	-\$4,289,782	-\$4,650,182
1800	NZTA investment		-\$4,780,450	-\$6,173,390	-\$6,947,467	-\$6,758,956	-\$6,896,361
1999	SuperGold/Misc Rev		-\$549,848	-\$549,848	-\$549,848	-\$549,848	-\$549,848
		\$12,963,095	-\$8,542,073				
			\$4,421,022	\$6,011,296	\$6,775,018	\$6,593,899	\$6,625,916
Funded by:	General Funds (40%)		\$1,768,409	\$2,404,518	\$2,710,007	\$2,637,560	\$2,650,366
	Targeted Rates (60%)		\$2,652,613	\$3,606,778	\$4,065,011	\$3,956,339	\$3,975,549
Funded by:	General Funds (20%)		\$884,204	\$1,202,259	\$1,355,004	\$1,318,780	\$1,325,183
	Targeted Rates (80%)		\$3,536,817	\$4,809,037	\$5,420,014	\$5,275,119	\$5,300,733
Funded by:	General Funds (0%)		\$0	\$0	\$0	\$0	\$0
	Targeted Rates (100%)		\$4,421,022	\$6,011,296	\$6,775,018	\$6,593,899	\$6,625,916

As can be seen in the table, moving to a 20/80 ratio in Year 1 of the Long Term Plan reduces the General Funds component to below that budgeted for the current financial year.

It should be noted that the estimates above assume a targeted rate for Western Bay of Plenty District bus services and slightly understate the 2017/18 General Fund amount (because Western Bay District buses are currently funded 100% from General Funds).

The Public Transport Committee has recommended to Council that it consult through the 2018 - 2028 Long Term Plan process on how to fund its passenger transport services. Given the Council workshop in early September, it is recommended that Council consult on:

- funding passenger transport services in Year 1 of the Long Term Plan 20% from General Funds and 80% from Targeted Rates; and
- funding passenger transport services in Year 2 of the Long Term Plan onwards, 100% from Targeted Rates.

## **9 Council's Accountability Framework**

### **9.1 Community Outcomes**

This proposal directly contributes to the Economic Development and Regional Collaboration and Leadership outcomes in the Council's Long Term Plan 2015-2025.

### **9.2 Long Term Plan Alignment**

This work is planned under the Passenger Transport Activity in the Long Term Plan 2015-2025.

#### **Current Budget Implications**

#### **Future Budget Implications**

The investment recommended in this report is outside Council's current Long Term Plan 2015-2025 and will have a significant impact on the 2018 – 2028 Long Term Plan, which is now being developed. The Council is being asked to consider these recommendations ahead of adopting a Draft Long Term Plan, to enable services to be procured. That procurement will provide certainty as to the cost of the contracts and enable Council the opportunity to adjust the new contracts (if necessary) and/or budgets before adopting the final Long Term Plan.

Joe Metcalfe  
**Senior Transport Planner**

**for General Manager, Strategy & Science**

**18 September 2017**



# **APPENDIX 1**

## **Western Bay Public Transport Blueprint bus network approval - 25-08-17 PT Committee paper**



**Report To:** Public Transport Committee

**Meeting Date:** 25 August 2017

**Report From:** Garry Maloney, Transport Policy Manager

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## **Western Bay Public Transport Blueprint bus network approval**

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### **Executive Summary**

The Western Bay Public Transport Blueprint has reviewed the role of public transport in the western bay and the consensus between partners and stakeholders is that public transport must play a more significant role in meeting transport demand if the Region is maintain economic growth, address environmental challenges and maintain liveability.

At the previous Committee meeting staff were directed to identify solutions for the school and public bus network based on feedback received through an engagement process completed in June of this year. This report addresses the majority of the issues raised. There will still be discussions occurring with a few schools on specific school solutions.

This report seeks recommendations to go to Council on:

- funding for a new Western Bay of Plenty District and Tauranga bus network to be implemented in 2018/19;
- further improvements to the Western Bay of Plenty District and Tauranga bus networks to be implemented in a staged approach;
- funding for the operation of school buses in Tauranga that enables contracts to be entered for these services whilst acknowledging there is some uncertainty in the final design and costing as a result of ongoing engagement with schools and parents and the fare review; and
- agreement to consult through the Long Term Plan process on how public transport will be funded across the region.

These decisions are required ahead of Long Term Plan consultation in order to tender and contract for operators of the bus services prior to existing contracts expiring. The new operating contracts for these services have been written to allow for variations to service levels that result from consultation with the community over the course of the nine year contract.

Recommendations to the Committee in this report are wide ranging and if adopted will see public transport investment in the Western Bay increase from \$12.5 million currently to \$17.6 million in the first years of the 2018 - 2028 Long Term Plan. This will see new bus networks for Western Bay District, Tauranga Urban, and Tauranga school services. The figures

included in this paper are estimates and Council will need to approve budgets once the tendering process is progressed.

Further direction from Council to trial hybrid/electric buses and implement the 'Living Wage' for bus drivers, pending further investigation, could see further investment in the network.

Concerns over the reduction of school bus services have been addressed through new proposals that have received support from schools representing more than half the affected students. The remainder of schools are also largely supportive but wish for further engagement with parents. The new proposals will provide 1,160 of the current 1,450 students with a dedicated school bus service and 100 of the remaining likely to be eligible for Ministry of Education transport assistance.

Staff have recommended that the public be given an opportunity to determine how the increased investment in public transport is funded be it through targeted rates, general rates, fare increases, investment returns, or other mechanisms. The Long Term Plan process represents an opportune time to undertake this. Staff have not recommended further consultation on network changes as this has the potential to further delay improvements to the network at a time when congestion is worsening at the fastest rate ever seen in the Region. Flexibility in the network design and operating contracts will allow changes at a later date if required.

## **Recommendations**

**That the Public Transport Committee under its delegated authority:**

- 1 Receives the report, Western Bay Public Transport Blueprint bus network approval.**

### **Living Wage**

- 2 Provides direction on requiring bus contractors to pay their drivers the 'Living Wage' as part of the new western Bay of Plenty bus contracts.**

### **Electric Buses**

- 3 Provides direction on deploying hybrid or electric buses as part of the new western Bay of Plenty bus contracts.**

### **Western Bay Services**

- 4 Endorses the Western Bay of Plenty District bus network as described in Part 5 of this report as the preferred network, with an estimated gross operating cost estimate of \$800,000 per annum and an estimated funding gap to Council of \$147,000 per annum for the 2018/19 financial year onwards.**
- 5 Endorses the following variation to the Western Bay of Plenty District bus network as described in this report for implementation in Year 4 of the 2018 - 2028 Long Term Plan:**
  - a. Saturday services for Katikati, Ōmokoroa, and Te Puke in Years 7 through 10 of the Long Term Plan at an estimated operating cost of \$200,000 per annum.**



- 6** Notes that a start date for the Western Bay of Plenty District bus network is being addressed in the paper “Western Bay of Plenty Public Transport Procurement Options” and that this will have an impact on the 2018/19 financial year network operating cost.

## **Tauranga Urban Services**

- 7** Endorses the Tauranga urban service Option 3A as described in this report as the preferred network from the start of the new contracts in 2018/19, including:
- a. Minor route change to the Crosstown Connector at no additional cost;
  - b. Retain existing service frequencies on Route 59 of 60minutes with an estimated operating cost reduction of \$455,000 per annum
  - c. Truncate City Loop service at Tauranga Hospital with an estimated operating cost reduction of \$200,000 per annum
  - d. Increased weekend frequencies on urban service to every 30min at an estimated operating cost of \$920,000 per annum; and
  - e. Extend operating hours on all urban service to 8:00 pm weekdays and weekends in at an estimated operating cost of \$430,000 per annum.
- 8** Notes that this service level has a total gross operating cost estimate of \$15.7 million per annum and an estimated funding gap for Council of \$2.5 million in the 2018/19 financial year.
- 9** Endorses the following variation to the Tauranga urban services as described in this report for implementation in Year 4 of the 2018 - 2028 Long Term Plan:
- a. Extend operating hours to 9:00 pm weekdays (some routes) at an estimated operating cost of \$270,000 per annum.
  - b. Extend operating hours to 11:00 pm on Friday and Saturday at an estimated operating cost of \$270,000 per annum
  - c. Extension of the City Loop service to Greerton at an estimated operating cost of \$200,000 per annum.
- 10** Notes that staff will work with residents of Ballintoy Park Drive to find a public transport solution that meets the community’s requirements.
- 11** Notes that a start date for the Tauranga Urban bus network is being addressed in the paper “Western Bay of Plenty Public Transport Procurement Options” and that this will have an impact on the 2018/19 financial year network operating cost.

## **School Bus Services**

- 12** Endorses the proposals in Part 7 of this report subject to ongoing discussions with schools and notes once they have a total gross operating cost estimate of \$1.1 million dollars per annum and an estimated cost to Council of \$650,000 per annum for the 2019/20 financial year onwards.

- 13** Notes that if the Schoolhopper contracts are extended to December 2018, the total gross operating cost estimate for the 2018/19 financial year is about \$1.9 million dollars and an estimated cost to Council of about \$1 million.
- 14** Notes that the following schools have agreed to support the implementation of the proposed school bus networks:
- Mount Maunganui College;
  - Mount Maunganui Intermediate;
  - Tauranga Intermediate;
  - Otumoetai College;
  - Otumoetai Intermediate;
  - Tauranga Boys College; and
  - Tauranga Girls College.
- 15** Notes that officers will continue to work with the following schools and parents to find suitable school proposals:
- Aquinas College;
  - Bethlehem College;
  - Saint Marys;
  - Saint Thomas More;
  - Pāpāmoa College;
  - Pāpāmoa Primary; and
  - Maungatapu School.
- 16** Notes that staff will continue to work with the Ministry of Education and schools to establish the best funding mechanism for students now eligible for assistance from the Ministry as a result of changes to the public bus network.
- 17** Notes that the traffic impacts resulting from changes in the school service are likely to be minor across the network.

**That the Public Transport Committee recommend that the Regional Council:**

- 1** Agrees that consultation through the 2018 - 2028 Long Term Plan process will address issues relating to the funding of passenger transport services across the region including the outcomes of the Regional Fare Review.
- 2** Agrees that further consultation on the Tauranga Urban, school services, and Western Bay District services will not be required through the 2018 - 28 Long Term Plan process.

- 3 Agrees to fund the Western Bay of Plenty District bus network as described in Part 5 of this report as the preferred network. The estimated gross operating cost estimate for 2018/19 is \$800,000 per annum and the estimated funding gap to Council is \$147,000 per annum**
- 4 Agrees to fund the Tauranga urban service as described in section 8.4 of this report as the preferred network. The estimated gross operating cost estimate for 2018/19 is \$15.7 million per annum and the estimated funding gap for Council is \$2.5 million.**
- 5 Agrees to fund Tauranga school buses as described in Part 7 of this report. The estimated gross operating cost for 2018/19 is about \$1.9 million dollars and the estimated cost to Council is \$1 million.**
- 6 Agrees to fund a new Travel Safe bus programme for students aged 7-8 to encourage independent bus travel at an unbudgeted cost to Council of \$100,000 per annum for Years 1 through 3 of the 2018 - 2028 Long Term Plan.**
- 7 Agrees to fund a trial crossing guard programme for schools to improve safety of school students and encourage independent travel at an unbudgeted cost to Council of \$30,000 in Year 1 of the 2018 - 2028 Long Term Plan.**

## **1 Purpose of this report**

This paper further progresses the procurement of public transport in the Western Bay. The paper outlines the significant further investment required in Western Bay public transport to address current service issues and achieve the outcomes and benefits outlined in this paper. There are further decisions to be made in this procurement process but the recommendations in this paper allow staff to progress so that further consultation can occur with communities on how the investment in western Bay public transport will be funded. The figures included in this paper are estimates and Council will need to approve budgets once the tendering process is progressed.

This report seeks recommendations to go to Council on:

- funding for a new Western Bay of Plenty District and Tauranga bus network to be implemented in 2018/19;
- further improvements to the Western Bay of Plenty District and Tauranga bus network to be implemented in a staged approach;
- funding for the operation of school bus service in Tauranga that enables contracts to be entered for these services whilst acknowledging there is some uncertainty in the final design and costing as a result of ongoing engagement with schools and parents and the fare review; and
- agreement to consult through the Long Term Plan process on how public transport will be funded across the region.

These decisions are required ahead of Long Term Plan consultation in order to tender and contract for operators of the bus services prior to existing contracts expiring. The new operating contracts for these services have been written to allow for variations to service levels that result from consultation with the community over the course of the nine year contract.

## 2 Report Structure

The remainder of this report is structured as below.

- Part 1: Regional Council commitment to Public Transport
- Part 2: Building in Flexibility
- Part 3: Matters Considered outside this Report
- Part 4: Long Term Plan Consideration
- Part 5: Western Bay of Plenty District bus service options
- Part 6: Tauranga Urban bus service options
- Part 7: Tauranga School bus services
- Part 8: Infrastructure Requirements
- Part 9: Financial Summary for recommended options

In addition, the following Appendices are included with this report:

- Appendix One - an outline of how we'd like to "workshop" this paper;
- Appendix Two: Regional Fare Review;
- Appendix Three: the Living Wage;
- Appendix Four: Electric buses;
- Appendix Five: Infrastructure Requirements
- Appendix Six: School Proposals

In addition, a paper on the Living Wage is included in the confidential section of the Agenda as it contains matters of commercial sensitivity.

In regard to the consideration of this paper, the Chairman is agreeable if the Committee is to suspend standing orders for this item to enable the Committee to workshop the matter and to do so in public.

## 3 Part 1: Regional Council commitment to Public Transport

Regional councils came into existence in 1989 and gained their transport responsibilities at the same time as all of their other functions (through the Transport Services Licensing Act 1989 and the Transit New Zealand Act 1989).

Apart from providing a Total Mobility Scheme across the region, it wasn't until 2001 that the Council choose to fully deliver its public transport function. In that year the Regional Council began operating an urban bus service in Tauranga and from 2015 this has included school services.

Over time the popularity of these services has increased more rapidly than in any other region and the services have provided good choices for those who can't or choose not to drive whilst significantly reducing the rate that congestion increases.

Regional Council has recently committed to an upgraded ticketing system at a cost of over \$2.5 million dollars that will boost the quality of service for our users across the Region and drive an increase in demand for our existing network.

The recent engagement exercise for the Western Bay of Plenty Public Transport Blueprint received an unprecedented number of responses from the public seeking improvements to the service above and beyond what had already been proposed. In order to respond to this, Council will need to determine the level of investment that it is prepared to deliver for public transport and how this will be funded over the next ten years.

The existing Long Term Plan (LTP) outlines the challenges facing the region; public transport will be a vital tool for addressing these over the next ten years and beyond.

### **3.1 The role of public transport and the case for further investment**

The Western Bay Public Transport Blueprint identified three key benefits for investing in public transport:

- Improved optimisation of the transport network;
- Improved travel choice; and
- Greater alignment of planning and investment through a joined up approach.

These were the most significant benefits, but narrowing the benefits of public transport to three bullet points doesn't capture how fundamental public transport is for our society to thrive.

### **3.2 Thriving Together - mō te taiao, mō ngā tāngata**

Our people, resources and environment form the basis of our economy and generate our sense of community. The Council's current LTP identified the biggest challenges facing the Bay of Plenty; challenges that need to be faced for this vision to succeed:

- making the most of our environment;
- where we live will change – urbanisation and demographic change;
- sustainable economic growth - job growth is outstripping population growth;
- Treaty Settlements - the Māori economy will change with many new opportunities; and
- reliable and affordable infrastructure – making the right choices in investment.

For the environment to be healthy we need to reduce emissions of harmful pollutants and carbon to our air, rivers, streams and harbours. Our bus network will:

- reduce volatile organic emissions from transport which are linked to ten deaths every year in Tauranga;
- reduce the carbon intensity of the transport system recently identified as contributing 63% of carbon emissions in Tauranga; and

- reduce the amount of contaminant run-off from our roads and parking surfaces into our waterways.

For the Region to adapt to our changing demographics and urbanisation it must ensure all people can participate in society and that transport does not limit our ability to urbanise efficiently. Failure to urbanise is likely to limit employment growth in high-tech industries, limiting wage and economic growth. Our bus network will:

- enable those disadvantaged by disability, age or income to participate in society and work (paid and volunteer) by providing affordable and accessible means of travel;
- prevent congestion from limiting our productivity and quality of life; and
- enable growth in our employment dense areas without the need to invest in large scale infrastructure that can have detrimental impacts on health and the liveability of urban areas.

Sustaining economic growth relies on having an available workforce with the right skills to do the job. Demographic change will see a smaller work force whilst automation and high-tech industries will require an ever increasing level of skill from those remaining in the workforce. Enabling and encouraging further education is critical to achieving sustainable growth. Our bus network will:

- support further education by ensuring transport is not a barrier to study;
- provide a better range of transport choices that will attract more skilled workers to the district; and
- provide lower transport costs and make better use of land in our high density employment areas enabling greater agglomeration of industries and leveraging off the Council's significant investment in the Tauranga CBD campus project.

The changes coming as a result of the Treaty Settlements will see significant investment in new and existing industries that will require a more highly skilled workforce. As previously mentioned, public transport has a role to fill in this space through the enablement of education and agglomeration of high tech industries.

The affordability of infrastructure in Tauranga in particular, is being hampered by rapid growth and low density land use. Public transport can provide for the growth in transport demand very rapidly, under the right conditions and can encourage higher density development. It can also provide a higher level of transport benefits per investment dollar than highways as can be seen in the table below.

	Benefit/Cost Ratio*
Tauranga Eastern Link	1.4
Tauranga Northern Link	2.2
Proposed Public Transport network changes <sup>†</sup>	4.6

\*excludes wider economic benefits and agglomeration benefits

<sup>†</sup>base network pre-engagement

### 3.3 Previous Decisions

On the 23 June 2017 Committee staff were directed to:

- work with schools and other agencies to look for solutions that addressed concerns raised for the Bayhopper and Schoolhopper proposals and report back to Council in September;

- incorporate analysis of service and funding implications of continuing SchoolHopper services for students Year 8 and below; and
- undertake modelling work to determine the impacts of Schoolhopper changes on Tauranga traffic congestion.

## **4 Part 2: Building in Flexibility**

Time has proven that the future is uncertain and many argue that we now live in a time where change has never been as fast or as far reaching as it is today. We need only look at recent years to see periods of complete economic stagnation through the Global Financial Crisis, to population booms that haven't been seen in decades before.

Technology is anticipated to make swathes of jobs redundant and we will see the introduction of fully autonomous cars, buses and freight vehicles within the next decade. We can't precisely predict the timing or extent of impacts these changes will have, but we can recognise that they are coming, they will be significant and we will need to adapt our transport system and our economy or be left behind by the rest of the world.

Bus networks trump any other mode of transport in flexibility when designed and contracted with this in mind. No other mode can scale to meet demand as quickly or effectively. An extra bus can be added or taken as needed, lanes can be painted to drastically increase throughput, or removed if superseded by other technologies. Diesel buses can be replaced with electric or automated vehicles as the technologies become available, replacing older fleet vehicles as they are due for replacement. And the scale of investment in services can be reviewed as and when required to meet changing needs.

Flexibility has been built into the Blueprint networks by using a hub and spoke model that makes it cheaper and easier to add new routes to the network. Services have been concentrated on key corridors with fewer twists and turns that make both automation and bus priority measures easier to implement.

Contracts will be written so that the fleet of buses is unlikely to be brand new, making introduction of new technologies easier through the contract as old assets are retired. A separate contracting unit has been included that will allow for novel and proprietary vehicles or services to be tested and implemented. And partnerships with our operators will ensure that innovation is encouraged.

## **5 Part 3: Matters considered outside of this report**

### **5.1 Impact of Regional Fare Review**

A Regional Fare Review Paper is appended to this item to enable members to provide some guidance for the conversation on how much of our public transport is funded through targeted rates and general funds.

### **5.2 Impact of living wages on network changes**

A living wage report is appended to this item and addresses in detail the impact of applying the living wage to bus contracts.

Introduction of the living wage to the new network contracts will have a significant impact on the cost of providing the service that has not been assessed within this paper.

### 5.3 Impact of electric buses on network changes

An hybrid/electric bus report is appended to this agenda and address in detail the practicality and cost of adopting hybrid/electric vehicles within new operating contracts. The key findings of this report indicate that deployment of electric or hybrid vehicles depends on Council's appetite:

- to bear the risks that come from being a leader in deploying a new(er) technology; and
- willingness to pay to deploy those newer technologies.

The Council's options include:

1. let the market decide when and how to deploy hybrid and electric vehicles;
2. stage the introduction of alternative technologies through the term of the new contracts; or
3. require a full hybrid/electric fleet from the start of the new contracts.

Any introduction of hybrid or electric vehicles in the new network will have a significant impact on the cost of providing the service and that has not been assessed within this paper.

Staff have engaged with New Zealand Transport Agency (NZTA) on the possibility of operating a trial electric bus service on a limited basis. Staff will continue to work with NZTA and the Energy Efficiency and Conservation Authority (EECA) to establish a pilot programme for electric buses.

### 5.4 Contract extensions to December 2018

As outlined in a separate report, extending contracts for Tauranga urban, Schoolhopper and Te Puke bus services to December 2018 is required to address school specific concerns, recognise the market in which the tender will take place and successfully implement the Regional Integrated Ticketing System.

The full implications of extending the contracts are considered in separate Agenda report. The likely impact of doing so is addressed in that report and has not been budgeted in the current Annual Plan or LTP.

This report is predicated on the basis that Council will accept a staff recommendation to extend contracts to December 2018.

## 6 Part 4: Long Term Plan consultation

The upcoming LTP consultation provides Council an opportunity to test the acceptability of public transport improvements with rate payers and their willingness to pay through rates or other mechanisms.

### 6.1 On network changes and additions



The LTP consultation is expected to commence in February next year and final decisions will be made in May. This timeline does not allow for consultation on significant network changes ahead of new contracts commencing in December 2018. It is possible to consult on some variations to the new network where this doesn't significantly increase the number of buses in services or where the changes take place in or beyond Year 2 of the new contracts. This is due to the long lead times required to acquire buses.

Staff will recommend through this report that most network changes are not consulted through the LTP because of the timeframe for procurement and as the network has already undergone a significant public engagement process.

## 6.2 On funding mechanisms and fares

Consultation on how public transport should be funded across the Region is an important question as demand for the services grows and extends in to new areas. Changing demographics, congestion levels, urbanisation, improving service levels and an ever increasing urgency to react to climate change are likely to see spending accelerate and the need for consensus from the community on who pays and how much will grow with it. The ongoing fare review will form some of this conversation but agreement on how much of our public transport is funded through targeted and general rates, or investments should also be addressed through the LTP.

## 6.3 Staff recommendation

Staff recommend that the Council develop and consult on the outcomes of the fare review and the mechanisms for funding public transport recognising that this will have a material impact on operating costs that have not been accounted for in this paper.

Staff recommend that the Council does not undertake further public consultation on the proposed changes to the Western Bay of Plenty Public Transport Blueprint networks for Tauranga Urban and school and Western Bay of Plenty District services.

## 7 Part 5: Western Bay of Plenty District bus service options

The Blueprint bus network that was taken to the public for feedback represents a step change in service provision for Te Puke, Katikati and Ōmokoroa. These changes received a strongly positive response.

In addition to the proposed changes, respondents also asked for weekend services to be incorporated into the network. The costs associated with the Blueprint network and incorporating Saturday services are shown in the table below.

	Existing network	Blueprint Network	With Saturday services
Operating Cost	\$280,000	\$ 800,000	\$1,000,000
Patronage (year 1)	30,000	42,000	42,000*
Cost to council ( year 1)	\$52,000	\$277,000	\$ 375,000
Patronage (Year 10)	37,000	55,000	55,000
Cost to council (year 10)	\$ 21,000	\$ 197,000	\$ 295,000

The Blueprint network in the Western Bay represents a significant level of service increase and there is a correspondingly high increase in costs. Patronage growth has been forecast to increase by 30% in year for the original Blueprint network whilst the addition of Saturday services has not been assessed for patronage growth.

The impact of patronage growth due to Saturday services is likely to be relatively small as weekends represent a small percentage of total usage across the network. The addition of the weekend services is likely to attract more users to the service that would not otherwise try the service and result in some small patronage growth across the week as a result.

When assessing suitability of the additional expenditure for the Western Bay services it is important to consider that this is part of a wider package of improvements and when looked at as an individual piece of the puzzle may not stand on its own despite being critical to the overall picture.

Given the significant proposed increased in cost, Council may also wish to consider whether or not to fund that through a new targeted rate and that is something it can consult on in the new LTP.

## 7.1 Recommendation

It is recommended that the Committee adopts the Western Bay of Plenty District bus network at an additional cost to Council of \$197,000 in the 2018/19 financial year.

It is recommended that the Committee adopts a variation to the Western Bay of Plenty District network to introduce Saturday services to Katikati, Ōmokoroa and Te Puke in Year 3 of the 2018 – 2028 LTP at an additional cost to Council of \$98,000.

It is noted that a start date for the Western Bay bus network is being addressed in the paper “Western Bay of Plenty Public Transport Procurement Options” and that this will have an impact on Year 1 operating cost of the network.

## 8 Part 6: Tauranga Urban bus service options

Options for implementing bus service changes provide choices around what aspects of the network are implemented initially, at a later date, or are consulted through the LTP prior to committing. The table below provides a summary of the options developed for this report and the remainder of this section describes each in more detail.

Draft Option		Consult additions through LTP	Description
1	Status Quo	No	Make no changes; keep operating costs within existing LTP budgets. Do not extend contracts.
2A	Blueprint Network (as per previous Committee meeting)	No	Implement blueprint network without changes identified through engagement process. Minor route adjustments will still be made.
2B	Blueprint Network (as per previous Committee meeting)	Yes	Implement Blueprint network. But LTP consultation first. Will need to be early process.
3A	Blueprint Network + Staged implementation of additions	No	Implement Blueprint network and identify highest priority improvements and implement in Year 1. Lower priority improvements staged through ten year period.
3B	Blueprint Network	Yes	Implement Blueprint network and identify highest

Draft Option		Consult additions through LTP	Description
	+ Staged implementation of additions		priority improvements and implement in Year 1. Lower priority improvements staged through ten year period. Consult on willingness to fund and staging through LTP.
4A	Blueprint Network + all additions year 1	No	Implement Blueprint network and all additions identified though public engagement. At year 1 without further consultation.
4B	Blueprint Network + all additions year 1 + Consult	Yes	Implement Blueprint network and all additions identified though public engagement. But LTP consultation first. Will need to be early process in order to procure new services for December 2018 start.

In addition to these options, the Committee should determine if there is a need to consult the public through the LTP, the source of funding for public transport be it through targeted rates, general rates, fare increases, investment returns or other sources.

Staff do not believe that it is possible or advisable to undertake a consultative process ahead of the LTP due to the availability of resources and the risk of creating "consultation fatigue" given recent public transport engagement and upcoming engagement for the Tauranga Programme Business Case.

It is the intent that all additions, either consulted through the LTP or agreed by Council in September, be implemented from December 2018. Any additions consulted and approved through the LTP will require a variation to the new contracts.

### 8.1 Options to vary network as a result of feedback

Through a public feedback process there were a number of suggestions made to improve the original proposal to better meet the needs of users. Staff have developed eight options that can be implemented in addition to the base network either at the start of the new contracts, or a later date.

Staff have also recommended a variation to the Blueprint network for Route 59 retaining the existing 60 minute service frequency rather than improving this to 20 minutes. This enables a substantial cost saving that can be better utilised elsewhere and with limited loss of service. Similarly, staff are recommending that the City Loop service be truncated at Tauranga Hospital and not extend to Greerton.

Summary of variations:

- new Gold Line service to provide an off-peak, day time, coverage service in Pāpāmoa and Mount Maunganui to maintain coverage that would otherwise be lost;
- extension of operating hours on all urban service to 8:00 pm weekdays and weekends;
- extension of operating hours on City loop, Otumoetai, Route 30, Route 40, and Route 55 to 9pm Sunday to Thursday;

- extension of operating hours on City loop, Otumoetai, Route 30, Route 40, and Route 55 to 11pm Friday and Saturday;
- change of route for Crosstown Connector to Ohauti Road and Poike Road from SH29a;
- truncate City Loop service to the Tauranga Hospital;
- reduce frequency on the Route 59 to 60min; and
- increase weekend frequencies on urban service to every 30 minutes.

	<b>Staff priority</b>	<b>Justification</b>	<b>Operating cost increase</b>
Crosstown Connector route change	1	No cost option to provide additional coverage for some users	none
Retain existing frequencies on route 59	1	This service provides coverage and is in close proximity to other routes with greater frequencies. Retaining the existing frequency (60min) on this service rather than increasing it to 20min provides significant savings that can be better utilised elsewhere in the network	-\$455,000
Truncate City Loop service at Tauranga Hospital	2	In consultation the City Loop service extended to Greerton. Responses to feedback indicated that this service would attract the majority of its patronage from the Hospital and CBD areas. Extending to Greerton would likely result in a significant number of underutilised buses and introduce additional congestion delays to the service. Once priority measures are installed on Cameron Road congestion will become less of an issue and allow for the Greerton extension.	\$ -200,000
Gold Line Service	3	Low cost service that provides coverage for large number of elderly residents, provides access to Mount Hot Pools and provides a site seeing service for cruise passengers. Unlikely to receive large patronage but provides service for our vulnerable users and enhances our tourism proposition.	\$180,000
Increased weekend frequencies	4	Higher frequency weekend services was one of the most frequently requested items through the engagement process. Hourly services currently operate and this creates very long wait times, particularly if a bus is missed. It is a significant deterrent to use of the service on weekends.	\$ 920,000
Extended operating hours to 8pm	5	Later operating hours was the most frequently requested item through the engagement process. This enables more use of the service for after work activities such as sport and recreation, dining, or entertainment.	\$ 430,000
Extended operating hours to 9pm weekdays (some routes)	6	This is a further enhancement on the variation to extend operating hours to 8pm but would be limited to weekday services.	\$ 270,000 (in addition to extending operating hours to 8pm)
Extended operating hours to 11pm on Friday and Saturday (some routes)	7	A common request through feedback was for later services on Friday and Saturday evenings. Whilst this is desirable it is unlikely to attract a large patronage increase but would encourage more	\$ 160,000 (in addition to extending weekday operating hours)

	Staff priority	Justification	Operating cost increase
City Loop services to Greerton	8	Extension of the City Loop service to Greerton would add significantly to the service levels of a rapidly developing suburb of Tauranga. Ideally this would be implemented after bus priority measures are introduced on Cameron Road to prevent the service being caught in congestion.	\$ 200,000
Ballintoy Park Drive	Staff will hold a public meeting with Ballintoy Park Drive residents to determine the best outcome prior to network changes taking place. Any resulting changes will be very low or no cost and managed through negotiations with the network operator.		

Further details about these variations are available in Appendix Six.

### 8.2 Option 1 - Status Quo

This would result in no change to the existing urban network. It is likely that this would be the most unfavourable option for partners to the Blueprint, stakeholders and the general public. It is likely that Council would lose credibility and face a significant public reaction given the extent of the engagement process recently undertaken.

### 8.3 Option 2A and 2B - Blueprint Network as engaged with community

This proposal would see a significant increase in service levels across the Tauranga Network with more frequent services and more direct services to the CBD and other key destinations around Tauranga. Having just completed an extensive engagement process and not incorporating any changes coming from that engagement may leave respondents disaffected and hard to re-engage with on other issues.

The table below outlines the costs associated with this proposal:

Annual operating statistics (millions)									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Estimated annual operating cost	\$14.82	\$14.82	\$14.82	\$14.82	\$14.82	\$14.82	\$14.82	\$14.82	\$14.82
Patronage	2.50	2.61	2.73	2.84	2.95	3.06	3.18	3.29	3.40
Fare revenue	\$3.75	\$4.12	\$4.48	\$4.84	\$5.21	\$5.57	\$5.93	\$6.29	\$6.66
Council budget, current RLTP	\$3.36	\$3.33	\$3.29	\$3.26	\$3.23	\$3.19	\$3.16		
Fare box recovery	25%	28%	30%	33%	35%	38%	40%	42%	45%
BOPRC Funding Gap	\$2.06	\$1.92	\$1.78	\$1.63	\$1.49	\$1.34	\$1.20		

**Option 2b** requires the consultation of the Blueprint network and its associated costs prior to Council approval. This consultation would need to be done ahead of existing LTP timeframes in order to have the network in place by December 2018. Staff do not recommend this as there are resourcing constraints that may make this impractical or result in sub-standard consultation being undertaken whilst incurring significant additional costs of up to \$200,000.

### 8.4 Option 3A and 3B - Blueprint Network with Staged implementation of additions

In addition of the Blueprint network this option would see the additional improvement implemented in a staged approach with some additions implemented now and others implemented following Year 3 of the next LTP.

Annual operating statistics (millions) – Option 3a									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Estimated annual operating cost	\$15.70	\$15.70	\$15.70	\$16.33	\$16.33	\$16.33	\$16.33	\$16.33	\$16.33
Patronage	2.50	2.61	2.73	2.84	2.95	3.06	3.18	3.29	3.40
Fare revenue	\$3.75	\$4.12	\$4.48	\$4.84	\$5.21	\$5.57	\$5.93	\$6.29	\$6.66
Council budget, current RLTP	\$3.36	\$3.33	\$3.29	\$3.26	\$3.23	\$3.19	\$3.16		
Fare box recovery	24%	26%	29%	30%	32%	34%	36%	39%	41%
BOPRC Funding Gap	\$2.49	\$2.35	\$2.20	\$2.37	\$2.22	\$2.08	\$1.94		

Advantages to this approach include cost savings from reduction in service levels where demand is likely to be low whilst providing improvements that proved popular through engagement.

The Gold Line service is recommended in Year 1 as it would provide service to a significant number of retirement homes and connects users who are unable to walk long distances to the Mount Hot Pools. It will also double as a sightseeing service for cruise ship passengers in and around Mount Maunganui.

Extending operating hours to 8:00 pm coincides with the most popular hours of travel as indicated through the engagement survey and provides opportunities for people to use bus services for after work activities including sport, recreation, dining out or shopping. Where shopping centres are open longer than 8:00 pm we will also extend operations to enable workers to use the service at the end of their shifts where practical.

**Option 3A** - Staff recommend that variations prioritised 1 to 5 are implemented at the commencement of the new network with other improvements implemented at or beyond Year 3, subject to network performance.

**Option 3B** - Requires consultation through the LTP on the additions to the Blueprint that occur after Year 1 to determine priority and staging of these additions. Many of the additions can be easily accommodated with a variation to contracts. Consideration needs to be given to the expectation that this will create amongst users.

### 8.5 Option 4A and 4B – Blueprint Network with all additions from year 1

This option would see all additional improvements made to the network in year 1.

Annual operating statistics (millions) – Option 4a									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Estimated annual operating cost	16.33	16.33	16.33	16.33	16.33	16.33	16.33	16.33	16.33
Patronage	2.50	2.61	2.73	2.84	2.95	3.06	3.18	3.29	3.40
Fare revenue	\$3.75	\$4.12	\$4.48	\$4.84	\$5.21	\$5.57	\$5.93	\$6.29	\$6.66
Council budget, current RLTP	\$3.36	\$3.33	\$3.29	\$3.26	\$3.23	\$3.19	\$3.16		
Fare box recovery	23%	25%	27%	30%	32%	34%	36%	39%	41%
BOPRC Funding Gap	\$2.80	\$2.66	\$2.51	\$2.37	\$2.22	\$2.08	\$1.94		

**Option 4B** – requires the consultation of the Blueprint network and its associated costs prior to Council approval. This consultation would need to be done ahead of existing LTP timeframes in order to have the network in place by December 2019. Staff do not recommend this as there are resourcing constraints that may make this impractical or result in sub-standard consultation being undertaken whilst incurring significant additional costs of up to \$200,000.

## 8.6 Staff recommendation

It is recommended that the Committee adopt Option 3A without further consultation on network changes.

Option 3A provides flexibility to reduce the initial costs with further investments coming once patronage and fare revenue has been shown to be tracking to forecasts. This reduces the risk of over investing at the start of the contracts.

An extensive engagement exercise has been undertaken with the public to understand what users would like to see in the public transport network. Further consultation around the network changes would be duplicating this process in part and may result in engagement fatigue.

## 9 Part 7: Tauranga School bus services

At the previous meeting of the Committee on 23 June 2017, staff were directed to look for solutions to address concerns raised through the extensive feedback from schools and the public. Direction was given to look for solutions including:

- improved infrastructure;
- provision of commercial bus services;
- increasing the number of dedicated school bus services;
- opportunities for schools to join the Tauranga Transport Network Group; and
- other school-led initiatives.

At the same time staff were asked to investigate the cost of extending SchoolHopper services to all students Year 8 and under.

### 9.1 Cost of extending services to students Year 8 and under

The proposal that was presented prior to engagement and to the public allowed for a significant number of "shadow services". These services were to be used to address capacity constraints on the public network arising from students shifting from a much reduced Schoolhopper service to the public service.

To provide intermediate school-age students (years 7 and 8) dedicated school buses, the new proposals have replaced the shadow services with dedicated school services. This can be done at no additional cost to Council beyond that identified in the original proposal.

### 9.2 Development of school proposals

New proposals have been developed for each of the affected schools. The proposals look to address concerns raised by schools and parents whilst looking for opportunities to encourage student to use the public bus, walk or cycle to school. The proposals also extend school services to year 7 and 8 students.

The process developing and confirming proposals is outlined below:

1. Collated feedback from parents, schools and the public.
2. Discussed feedback with most affected schools and asked them to identify improvements that could be made.
3. Generated proposals.
4. Discussed proposals with school staff and principles to determine if schools would like notification to parents or additional meetings with parents and to make additional adjustments to proposals.
5. Meet with parents from schools were this has been requested by the school. Identify outstanding issues and preferences for MOE travel assistance where appropriate.
6. Gain MOE agreement for travel assistance proposal.
7. Report to November PT Committee.
8. Finalise proposals.

To date Council officers and the Committee Chair have met with the following schools that have indicated they would like to explore options further and for Council officers to meet with parents to discuss proposals:

- Aquinas College;
- Bethlehem college;
- Saint Mary's Catholic School; and
- Saint Thomas more Catholic School.

To date Council officers have met with the following schools that have indicated they are comfortable with the proposals, subject to minor variations and would like to keep parents informed of any decisions:

- Mount Maunganui Intermediate;
- Tauranga Intermediate;
- Otumoetai College;
- Otumoetai Intermediate;
- Tauranga Boys College; and
- Tauranga Girls College.

Officers have yet to meet with the following schools to discuss proposals:

- Maungatapu School;
- Pāpāmoa College; and
- Pāpāmoa Primary.

The proposals are attached to this report as Appendix Six.



The tables below provide a summary of the likely impacts on passenger numbers at each school. Of the 290 students likely to lose service 80 of these will be eligible for MOE transport assistance; 100 are from Tauranga Girls and Boys Colleges, 40 from Otumoetai College and Intermediate and the remainder are from the remaining schools. The majority of students who will no longer have access to school services are located on a direct public bus route to their school.

	Existing (2015/16)	New Proposals
Students Carried	1,450	1,160
Number of services	45	24
Bus kilometres travelled daily	1,700	780
Average Bus loading	32	44
Subsidy per passenger	\$1,300	\$500
Operating cost	\$2.6m	\$1.1m
Fare Revenue	\$0.73m	\$0.58m
<b>Cost to Council per annum</b>		
Bus services	\$1.1m	\$0.52m
Trial Crossing Guard Programme		\$0.03m
Travel Safe Bus programme		\$0.1m
<b>Total</b>	<b>\$1.1m</b>	<b>\$0.65m</b>

	2015/16 Actual			New Proposals		
	Users	Subsidy per student	Cost to council	Users	Subsidy per student	Cost to council
Aquinas College	214	1,575	164,815	200*	959	56363
Bethlehem College	243	1,486	176,930	240*	543	63848
Greenpark School	61	1,192	35,904	45	88	1950
Greerton Village School	11	1,115	6,214	10	88	433
Maungatapu Primary	13	1,935	11,905	10	223	1093
Mount Maunganui College & Intermediate	270	915	121,308	250	183	22429
Otumoetai College/Intermediate	122	808	48,174	85	827	34438
Pāpāmoa College/Primary	11	1,786	9,735	11	235	1268
Saint Mary's Catholic School	23	1,611	17,993	23	552	6491
Saint Thomas More Catholic School	10	6,710	31,961	5	235	576
Tauranga Boys' College	116	835	47,583	48	18	416
Tauranga Girls' College	117	998	57,058	56	18	485
Tauranga Intermediate	256	853	106,864	256	150	19090
Tauranga Primary	10	3,793	17,892	5	223	546
<b>Total or Average</b>	<b>1,450</b>	<b>\$1,200</b>	<b>\$860,000</b>	<b>1,220</b>	<b>\$366</b>	<b>\$210,000</b>

\*students who may be eligible for transport assistance from Ministry of Education are included in this figure

The new round of school proposals have been very well received by all the schools that Council officers have met with. Some schools also wish to be certain that school parents are comfortable with the proposals and are seeking further engagement.

The schools that officers are yet to meet with account for only 70 of the 1,400 students on school services.

The table below indicates the proportion of operating costs, and cost to council that have been confirmed through meetings with the schools and can be considered fixed. A large proportion of the costs to Council are yet to be confirmed (62%) however the largely positive response to date bodes well for further agreements.

### 9.2.1 What is included in the proposals

Aside from school bus services, proposals also include other activities as described below.

**Infrastructure Improvements** – a number of schools identified road safety and lack of walking and cycling facilities as a barrier to bus use or active mode transport. Infrastructure improvements include pedestrian crossings, footpaths, and relocation of bus stops or new bus stops. Some of these improvements are included in existing Tauranga City Council (TCC) projects and some will be unbudgeted and need to be addressed through the LTP process. Staff will provide further information to the September Council meeting.

**Ministry of Education (MoE) funding for some Pāpāmoa students** – due to changes to the public bus network students east of Sandhurst Drive in Pāpāmoa will now meet the MOE criteria and become eligible for transport assistance. Council staff will work with parents and schools to facilitate this.

**Trial crossing guard programme** – a number of schools identified the crossing of major roads as an impediment to use of the public bus service and a safety risk for students. One way to address those concerns is to trial a crossing guard proposal to put a trained individual in place to guide students, monitor and report adverse behaviours.

**Safe Travel Bus Programme** - this programme would be run by the TCC Travel Safe team and would be looking at incorporating bus travel in to a schools travel planning and providing education programmes for schools, particularly aimed at intermediate age children. The details of this programme are yet to be confirmed and will be developed in conjunction with schools. The objective of this programme would be to improve the safety of students and encourage independent use of the bus service.

### 9.3 Traffic Impacts of removing school services

At the last Committee meeting staff were asked to provide updated modelling work to assess what impact the planned changes would have on the network and in particular on key pressure points in the network. Beca consultants have completed this assessment.

The work that has been completed assessed three scenarios ranging from all school services being removed through to 25% of student no longer being served. Each scenario has a range from best case to worst case to reflect uncertainty in how behaviours would change.

Under our current proposal the most suitable scenario to examine is that which looks at 25% of students no longer being served by school buses.

Eight different routes were assessed during the AM peak to determine the likely change in travel time for road users as a result of increased school traffic. Of these the worst affected was State highway 36 northbound that saw an increase in travel times of between 1.6% and 3.7% (best case and worst case). All other travel times were

affected by less than 1%. In 2021 the impact of delays on this route will increase to between 5.3% and 9.3% indicating that the route is near or over capacity.

Several intersections were assessed for performance to determine if there would be localised issues as a result of changes to Schoolhopper.

The Brookfield roundabout was most affected on the southern approach where delays increased between 2 and 4 seconds.

The Barkes Corner roundabout was affected most on the southern approach with additional delays of between 5 and 13 seconds. This coincides with Route 8 where increased delays were also the longest.

Brookfield Roundabout (increase in delay, seconds)		
Approach	Best case	Worst case
North-West	0	0
North-East	0	0
South	4	2
East	0	1
Intersection	1	1

Cameron Road / Pyes Pa Road / SH29 (increase in delay, seconds)		
Approach	Best case	Worst case
North	1	1
South	5	13
East	1	1
West	2	3
Intersection	2	4

In summary it would appear that traffic impacts from transferring 25% of students off school service are relatively limited except where these impact on the Barkes Corner roundabout and trips made on Pyes Pa Road and Cameron Road. This is unsurprising given that these sections of the road network are already very heavily congested. It would indicate that school services in this vicinity of the network should largely be retained to reduce these impacts.

Under the current proposals the majority of services that have been retained are for students travelling from south of State highway 36 to the Avenues.

#### 9.4 Funding and funding uncertainty for school services

There is a significant amount of uncertainty as to the final costs of the school service including the lack of agreement on all school proposals, the ongoing fare review, and changes in school roll between now and 2019.

The table below captures the likely impact of these uncertainties on operating costs, fare revenue and patronage. The impacts of the fare review will far exceed any uncertainty resulting from other factors.

	Fare Revenue	Operating Cost	Patronage
Agreement to proposals from schools	Small (up to \$100k)	Small (up to \$200k)	none
Fare Review – Free Fares*	Very Large (-\$700k)	Very Large (+\$1million)	Very Large (+1,500)
Fare Review – Other possibilities	Varies but significant	Varies but significant	Varies but significant
School Roll change	Small (\$50k)	Small (up to \$120k)	Small +/- 100

\*based on original Schoolhopper costs and patronage. Does not reflect impacts on the urban service.

## 9.5 Decision to approve school service funding

There is significant uncertainty around the quantum of funding required for school services as a result of the ongoing fare review. Decisions relating to the fare review are unlikely to be made prior to the Long Term Plan being finalised in 2018.

Whilst this uncertainty exists it is important that the process to procure operators for school and urban services continues due to the long lead in time required between tendering and operations commencing. The current cost estimates are robust for the current fare settings and any additional services that may be required above and beyond this can be negotiated with operators. Additional school buses are typically easy to source as these have lower specifications than urban buses so later decisions on school bus fares can easily be accommodated within contracts.

It is recommend that services in the current school proposals are funded to a value of \$1.1 million recognising an anticipated cost to council of \$520,000 pursuant to a funding agreement from NZTA and noting the uncertainty associated with the fare review and ongoing discussion with schools.

It is recommend that the Travel Safe Bus Programme and Trial Crossing Guard Programme are funded at an anticipated cost to council of \$130,000 per annum, noting that Officers will seek NZTA funding for these programs which may reduce this cost.

Officers will provide an update to the Committee on progress towards finalising school proposals at the November Public Transport Committee meeting.

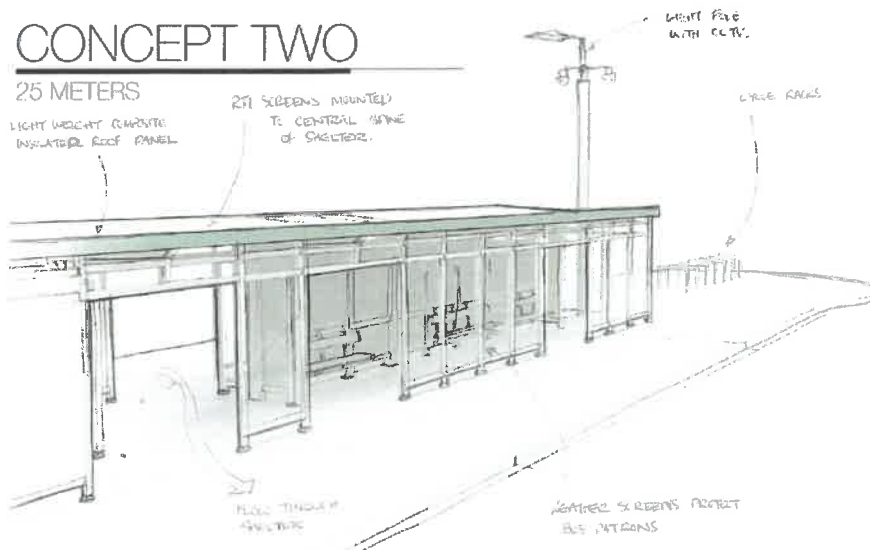
## 10 Part 8: Infrastructure Requirements

Appendix Five to this report contains a full list of the infrastructure requirements to implement the planned urban and school bus network. This is a draft list and there will be changes to this as we move through the implementation process with TCC. Much of this infrastructure is not critical to the operation of the network but will enhance the accessibility and comfort for users.

Critical infrastructure components are the interchanges at Hairini, Bayfair, and Brookfield.

### 10.1 The Bayfair Interchange

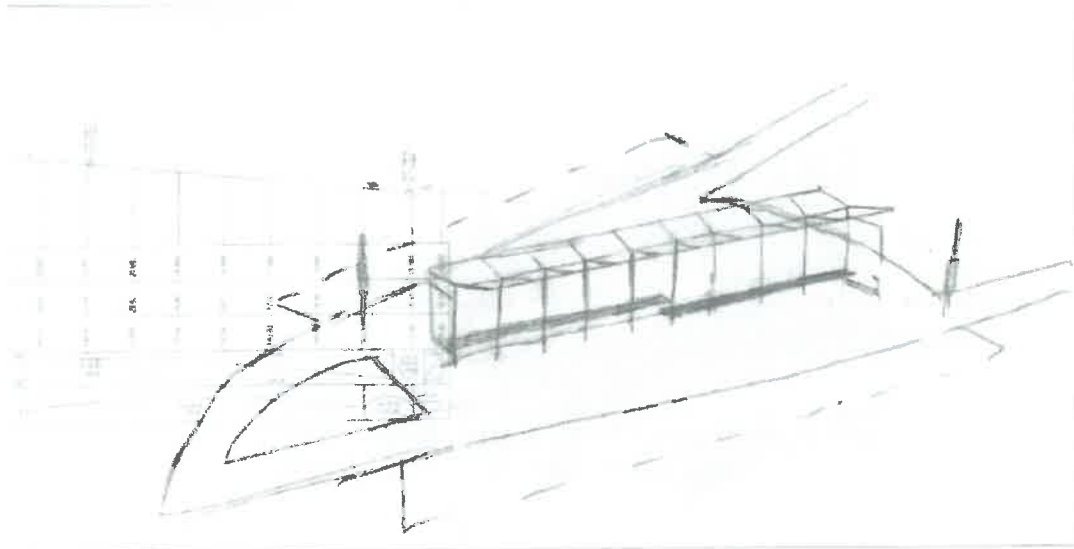
Currently funded by TCC as part of the 2017/18 annual plan and is currently scheduled to be delivered in February 2018. The image below shows a very early concept design for the interchange.



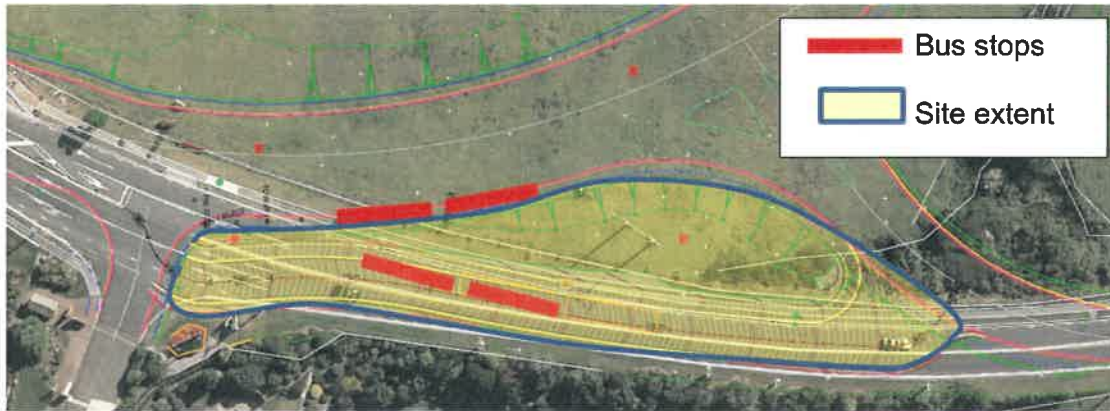
## 10.2 Hairini Interchange

Currently unfunded by TCC. Funding for this project of \$350,000 was identified as being required in the Public Transport Blueprint Programme Business Case in 2019. However, it is desirable that this be brought forward to 2018/19 or sooner. Funding for this project will need to be addressed through the TCC LTP.

The Transport Agency have agreed to complete the preliminary design, ground contouring, and enabling works for this project as part of Hairini Link project currently under way. Preliminary designs are currently being developed based on the concept drawing below.



The interchange is being located on the existing Welcome Bay Road alignment, which is being moved as part of the Hairini Link project. The site provides an opportunity to provide this infrastructure at relatively low cost as no land purchases are required and it also allows for future expansion at a later date. The image below shows the location of the site in relation to the existing road and the planned alignment.



The enabling works for this project are expected to be completed by April 2018 along with the new road alignment. Delivery of the interchange infrastructure will require approval from TCC and funding through the LTP.

Failure to deliver this piece of infrastructure on time will not affect operations of the planned network but will create some inconvenience for our customers as they will be required to cross Welcome Bay Road to make some transfers and waiting facilities will not be of a high quality. Additionally, some existing stops will need to be moved a short distance.

### 10.3 Brookfield Interchange

Currently unfunded by TCC. No funding for this interchange was identified in the Programme Business Case and this project will need to be addressed through the TCC LTP.

TCC staff are currently developing high level options for the interchange location and there are several promising sites that have short or long term potential. These options represent a range of investment levels from \$30,000 upwards and will be highly dependent on how TCC and residents of the area would like to see Brookfield develop.

Prior to publicly releasing any details about these options TCC councillors will require an opportunity to provide their consideration and directly affected land owners will need to be consulted. Details that can be provided are included below.

**Short-Medium Term Solution** – a short term option exists that will enable an interchange operation to occur at Brookfield. The cost of implementing this is approximately \$200,000 pending detailed engineering assessments. Some of these costs are likely to be covered from TCC existing budgets.

**Long Term Solutions** – a number of opportunities exist to fully integrate the interchange with the existing Brookfield shopping centre and provide a very high quality facility for bus users. The scale of investment and public engagement required to do this would be significant as property purchases would be required. It is not possible to undertake this prior to network changes taking place and is therefore being viewed as a long term opportunity to be progressed in partnership with TCC.

**Interim solution** - if a preferred solution cannot be delivered prior to the new network commencing, an interim solution is possible with the addition of two bus stops to Otumoetai Road south of Brookfield Roundabout. This has the disadvantage of being disconnected from the shopping complex but will provide the necessary interchange location with investment in additional shelters.

## 11 Part 9: Financial summary for recommended options

The table below shows the impact of implementing the recommended option within this report over the course of the 9-year contract. This forecast excludes costs associated with the recommended Travel Safe and Crossing Guard programs which will add an additional annual cost of \$130,000.

Costs for the 2018/19 financial year will be lower than indicated here should the recommended contract start date of December 2018 be approved.

Annual operating statistics (millions)									
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Estimated annual gross operating cost	\$17.60	\$17.60	\$17.60	\$18.43	\$18.43	\$18.43	\$18.43	\$18.43	\$18.43
Patronage	2.99	3.10	3.21	3.33	3.44	3.56	3.67	3.78	3.90
Fare revenue	\$4.59	\$4.96	\$5.34	\$5.71	\$6.09	\$6.46	\$6.84	\$7.21	\$7.59
Fare box recovery	26%	28%	30%	31%	33%	35%	37%	39%	41%

**NB:** These figures are subject to NZTA approval of the Blueprint Detailed Business Case and consequent funding agreement.

## 12 Māori Implications

The Māori population in the Bay of plenty is around 28% of the total population. Council has responsibilities to Māori under a number of statutes, particularly the Resource Management Act 1991(RMA), and the Local Government Act 2002 (LGA). Specifically, Part 2, Section 6 and Section 7 of the RMA recognises and provides for participation in decision making, having regard to kaitiakitanga, consultation and fostering development.

The Public Transport Blueprint work considers the effect on access to land, water or significant places for Māori and to that end has been presented to the combined Tangata Whenua SmartGrowth forum. The recommended option is consistent with the Tangata Whenua position paper presented to SmartGrowth.

While it is reasonable to consider that the impact of this procurement on Maori is limited, the effect on the community in general also extend to Māori. Māori benefit from the continued deployment of accessible buses, and the general improvement of bus frequency and travel times. An improvement in bus emission standards, through newer buses, also enhances the Mauri of the air quality in the area. This is in line with the cultural values of Tangata Whenua.

## 13 Council's Accountability Framework

### 13.1 Community Outcomes

This proposal directly contributes to the Economic Development and Regional Collaboration and Leadership in the Council's Long Term Plan 2015-2025.

### 13.2 Long Term Plan Alignment

This work is planned under the Passenger Transport Activity in the Long Term Plan 2015-2025.

### **Current Budget Implications**

The decisions recommended in this paper do not have financial implications in the current financial year.

### **Future Budget Implications**

The investment recommended in this report is outside Council's current Long Term Plan 2015-2025 and will have a significant impact on the 2018 – 2028 Long Term Plan, which is now being developed. The Council will consider these recommendations as part of its Long Term Plan process. A key consideration is asking the community how this investment should be funded. Staff have recommended that the public be given an opportunity to determine how the increased investment in public transport is funded be it through targeted rates, general rates, fare increases, investment returns, or other mechanisms.

Joe Metcalfe

**Senior Transport Planner**

**for Transport Policy Manager**

**18 August 2017**



**Report To:** Regional Council

**Meeting Date:** 26 September 2017

**Report From:** Fiona McTavish, General Manager, Strategy & Science

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## **Public Transport Committee Recommendations**

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### **Executive Summary**

Committees and subcommittees are empowered to make decisions within their terms of reference without having to go back to full Council. Where a matter is beyond a committee (or subcommittee) terms of reference they can make recommendations to their parent bodies or full Council. When the parent body or full Council considers such a recommendation it can resolve to:

- (i) adopt the recommendation;
- (ii) modify the recommendation;
- (iii) refer the recommendation to another committee; or
- (iv) defer or decline a recommendation (giving reasons).

This report outlines recommendations from the Public Transport Committee meeting held on 25 August 2017 for Council to consider relating to:

- 1. Procurement Plan for the Western Bay of Plenty Public Transport Tender; and
- 2. Bus Fare Increase 2017/18.

### **Recommendations**

**That the Regional Council:**

- 1 Receives the report, Public Transport Committee Recommendations;**
- 2 In regard to the recommendations relating to the ‘*Procurement Plan for Western Bay of Plenty Public Transport Tender*’, approves the Procurement Plan for Western Bay of Plenty Public Transport Tender, as attached at Appendix 1.**
- 3 In regard to the recommendations relating to ‘*Bus Fare Increase 2017/18*’, agrees not to increase fares for customers of its contracted bus services in the 2017/18 financial year.**

## 1 Background

At its meeting on 25 August 2017, the Public Transport Committee made a number of recommendations to Council to consider on the following matters:

1. Western Bay Public Transport Blueprint Bus Network Approval (recommendations for this are addressed in a separate report);
2. Procurement Plan for the Western Bay of Plenty Public Transport Tender; and
3. Bus Fare Increase 2017/18.

An outline is provided below on the last two matters. For further details on each matter, please refer to the Public Transport Committee meeting agenda of 25 August 2017.

## 2 Procurement Plan for Western Bay of Plenty Public Transport Tender

The current bus service contracts for Tauranga and Te Puke are due to end in July 2018. Another report on the agenda for Council seeks to extend these contracts to December 2018.

The appended 'Procurement Plan – Western Bay of Plenty Bus Services' sets out how Council will procure the replacement contracts.

Greater detail about the Procurement Plan can also be found in the Public Transport Committee meeting agenda of 25 August 2017 for the report, '*Procurement Plan for Western Bay of Plenty Public Transport Tender*'.

The Committee recommends to Council that it adopt the Plan. Once it has made that decision, procurement can commence in accordance with the timeframes outlined in the Plan.

## 3 Bus Fare Increase 2017/18

The Public Transport Committee considered a report, '*Bus Fare Increase 2017/18*' and has recommended Council not increase bus fares by 5% from January 2018 because of:

- declining patronage;
- reducing bus user satisfaction and increasing dis-satisfaction with the fare value;
- development of the Regional Fare Review; and
- introduction of a new electronic ticketing system in mid-2018.

The report advised that not increasing bus fares would mean that:

- action was contrary to the Long Term and current Annual Plan;
- Council will be foregoing additional revenue of about \$60,000; and
- it increases the chance (but not significantly) that the Annual Plan fare recovery target will not be met.

Please refer to the Public Transport Committee meeting agenda of 25 August 2017 for further information on the report.

## **4 Council's Accountability Framework**

### **4.1 Community Outcomes**

This proposal directly contributes to the Economic Development Community Outcome and the Regional Collaboration and Leadership Outcome in the council's Long Term Plan 2015-2025.

### **4.2 Long Term Plan Alignment**

This work is planned under the Passenger Transport Activity in the Long Term Plan 2015-2025.

#### **Current Budget Implications**

The Western Bay of Plenty Public Transport Blueprint procurement will be undertaken within the current budget for the Passenger Transport Activity..

In regard to the recommendation not to increase bus fares, while the Council will be forgoing an estimated \$60,000 in fare revenue if it does not increase its fares, that must be considered within the context of the current fare take over the two City services – last year, about \$4 million (about 1.5%). As such, the foregone additional revenue is unlikely to be material.

#### **Future Budget Implications**

The financial implications arising from any decision to award the new Western Bay of Plenty Public Transport Blueprint contracts will be assessed by Council as part of the decision to award contracts.

Yvonne Tatton  
**Interim Governance Manager**

**for General Manager, Strategy & Science**

**14 September 2017**



# **APPENDIX 1**

## **Procurement Plan Western Bay of Plenty Bus Service**



# Procurement Plan – Western Bay of Plenty Bus Service

## 1. Overview of procurement

Short description	Western Bay of Plenty Bus Service
Project name (if applicable)	Request for Proposal: 2017 0149 Tauranga Urban Bus Services
Procurement Project Leader	Mike Furniss, Senior Transport Operations Officer
Date of Procurement Plan	27 July 2017
Proposed supply arrangement	Single supplier per Unit. Nine year contract.

## 2. Background

Current situation	<p>The original Tauranga Urban Bus service contract was due to end on 1 February 2015. It has been extended several times and the current end date is 8 July 2018. Staff and the incumbent operator are exploring a further extension to December 2018.</p> <p>Schoolhopper services were instigated after the Ministry of Education announced that they were pulling out of providing School bus services in urban Tauranga. Contracts were awarded and were due to end in December 2017, at the end of the various school years. This date has also been extended to 8 July 2018. Staff and the incumbent operators are exploring a further extension to December 2018.</p> <p>The Te Puke bus service contract, including the Tauranga urban Matapihi and Mangatawa services was due to end on 5 November 2017. This has also been extended to 8 July 2018, and will be included in this procurement process. Staff and the incumbent operator are exploring a further extension to December 2018.</p> <p>The table below summarises the current situation:</p> <table border="1" data-bbox="560 1476 1342 1724"> <thead> <tr> <th>Contract</th> <th>End date</th> <th>Possible variation - new end date</th> </tr> </thead> <tbody> <tr> <td>Tauranga urban</td> <td>8 July 2018</td> <td>December 2018</td> </tr> <tr> <td>Schoolhopper</td> <td>8 July 2018</td> <td>December 2018</td> </tr> <tr> <td>Te Puke rural</td> <td>8 July 2018</td> <td>December 2018</td> </tr> </tbody> </table> <p>This procurement process has been initiated to consolidate the Tauranga urban, Te Puke rural and Schoolhopper services into one or more bus service Unit/s, as defined in the Regional Public Transport Plan and required by the Public Transport Operating Model (PTOM*) provisions in the Land Transport Management Act 2003, and to ensure continuity of service.</p> <p>*PTOM is defined below</p>	Contract	End date	Possible variation - new end date	Tauranga urban	8 July 2018	December 2018	Schoolhopper	8 July 2018	December 2018	Te Puke rural	8 July 2018	December 2018
Contract	End date	Possible variation - new end date											
Tauranga urban	8 July 2018	December 2018											
Schoolhopper	8 July 2018	December 2018											
Te Puke rural	8 July 2018	December 2018											
Previous procurement process	The Transport team regularly undertake public transport service procurement processes. The most recent was the Eastern Bay of Plenty Bus service, with the												

	<p>new contracts starting in July 2016. This was a two envelope, price/quality, supplier selection process. The tender also included some PTOM elements.</p> <p>The Tauranga Urban service was last tendered in 2008. This tender was a two envelope, lowest price conforming, gross contract tender, with some quality elements.</p> <p>The Te Puke contract was tendered in December 2011.</p> <p>The Schoolhopper contract procurement was a direct appointment arrangement to the incumbent (Ministry of Education-contracted) operators. The contracts commenced in January 2015.</p>
<p>New Zealand Transport Agency (NZTA)</p>	<p>The NZTA plays a key role in this procurement process and throughout the life of the contract. As a co-investor, the NZTA manages and invests money from the National Land Transport Fund. Of the public funding required to maintain Tauranga’s public transport network, approximately half will come from the NZTA.</p> <p>The NZTA set the procurement rules, through the Procurement manual. In the case of a conflict between Council’s procurement rules, and the NZTA Procurement manual, the Procurement manual rules will usually prevail.</p> <p>A condition of funding is that Council has a current NZTA approved Transport Activities Procurement Strategy.</p> <p>NZTA approval will also be sought for the Western Bay Public Transport Blueprint (discussed below) and any RFP documents.</p>
<p>Regional Public Transport Plan (RPTP) principles</p>	<p>The RPTP provides the statutory framework for implementing the PTOM. A high level overview of the procurement approach to implement PTOM is included in the RPTP. The RPTP includes the principles for working together between Council and operators:</p> <ul style="list-style-type: none"> <li>• A joint commitment to improve efficiency, effectiveness and safety of the public transport network,</li> <li>• A collaborative approach to decision-making and working together,</li> <li>• Joint partnering based on mutual trust and respect, with openness and transparency in all activities,</li> <li>• A recognition of the value and contribution of each sector in the design and delivery of public transport services,</li> <li>• A joint commitment to improve value for money in the services delivered, and</li> <li>• A joint commitment to promote a flexible, innovative and responsive approach to the delivery of public transport services.</li> </ul>
<p>Issues and opportunities</p>	<p><u>Review of network</u></p> <p>A new contract provides an opportunity to review the bus network, and a comprehensive bus network review is currently underway (the Western Bay of Plenty Public Transport Blueprint).</p> <p><u>Bundling of units</u></p> <p>It is likely that the WBOP Public Transport Blueprint will result in a recommendation to split the current Bayhopper Tauranga, and Schoolhopper networks into two or more units. Assuming this is the case, then it is the view of staff and the NZTA that better value for money across the life of the contract will most likely be achieved if we allow group tenders for all units.</p> <p><u>Learnings from recent transport tenders</u></p> <p>Recent tender documents from Waikato (WRC) and Greater Wellington Regional Councils (GWRC) are being reviewed and innovations will be incorporated.</p> <p>In previous tenders, the Bay of Plenty Regional Council (BOPRC, Regional Council or Council) has specified the Peak Vehicle Requirement (PVR – the number of buses required to meet the timetable, excluding spares). If additional buses are required to accommodate patronage increases, or</p>



	maintain on-time performance, then Council has funded them. There is an opportunity through this tender to specify the timetable and performance requirements and let the operator decide (and take the risk for) the PVR increases. We need to be aware of recent experience in Rotorua however, where Council was required to invest in additional vehicles very early on in the contract.
PTOM	<p>The Land Transport Management Amendment Act 2013 established a new framework for urban bus services, known as PTOM. A key feature of PTOM is an emphasis on regional councils and operators taking a partnering approach to the planning and delivery of public transport services. This is done through collaborative business planning, and a financial incentive mechanism (FIM). PTOM seeks to grow patronage, while reducing reliance on public subsidies.</p> <p>The FIM used in the Eastern Bay of Plenty tender was relatively conservative, commensurate with the size of the contract. It is unlikely to be sufficient however to incentivise the operator to take risks to increase patronage (and collect the reward). FIM examples from Auckland, WRC and GWRC have been reviewed and the FIM has been updated.</p>
Units	<p>Unit establishment is a core component of PTOM. Units are a public transport service or a group of public transport services that a region identifies as integral to the region's public transport network. Units will operate on the entire length of one or more routes specified in the region's RPTP. A unit will include all public transport services, operating to a timetable, along an entire route or routes specified for the unit</p> <p>Once completed, the bus network review process will result in an updated bus network made up on one or more units. Unit descriptions will be made up of network maps, individual route specifications, timetables and peak vehicle requirements. These components will make up the tender service specifications.</p> <p>As note above, better value for money across the life of the contract will most likely be achieved if we allow group tenders for all units.</p>
NZTA approved Transport Activities Procurement Strategy	The Blueprint process will result in significant changes to the Tauranga area public transport units, necessitating an update to the Transport Activities Procurement Strategy. This update process is underway and timed to coincide with the final decision around bus units and releasing the tender documents.

### 3. Requirements

Overview of requirements	<p>This procurement process is to contract suitably qualified and resourced bus operator/s to run the Western Bay of Plenty Bus Network. The outcomes required are that the contract;</p> <ul style="list-style-type: none"> <li>• Is sustainable for the nine year contract duration</li> <li>• Provides value for money for the contract duration</li> <li>• Provides appropriate vehicle quality</li> </ul>
Scope of the supply arrangement	<p>The supply agreement will encompasses the current Tauranga Urban bus service, the Tauranga Schoolhopper services, and the current Te Puke bus service, including Matapihi and Mangatawa services. While Ōmokoroa services are being considered in the blueprint work, they will not make up part of this tender process.</p> <p>A condition of NZTA funding is that the contract has a duration of nine years.</p> <p>Rail or ferry services, or network planning functions are out of scope for the process.</p>
Performance, functionality or	The tender documents will set out the performance requirements, including tolerances for safety standards, service reliability, ticketing and

<p>Technical standards to be met</p>	<p>money handling, quality assurance, customer complaints and contract reporting.</p> <p>The tender documents will specify the Vehicle Quality Standards. These will be based on the NZTA Requirements for Urban Buses (RUB) standards. Staff will seek an exemption from the NZTA to this standard for a portion the school bus fleet. A fleet of fully RUB compliant school buses would not represent good value for money, while some RUB compliant school buses would improve the flexibility of the fleet.</p> <p>Staff are also proposing or considering several additional bus features, over and above the RUB standard. The additional features that staff recommend include;</p> <ul style="list-style-type: none"> <li>• Bicycle racks</li> <li>• Air-conditioning</li> <li>• On board wi-fi</li> <li>• GPS location devices</li> <li>• CCTV</li> </ul> <p>Staff have also considered next stop audio and/or visual announcement, but do not recommend that they become a mandatory requirement.</p>																														
<p>Constraining factors that limit the range of goods / solutions.</p>	<p>Constraining factors include the level of funding available, PTOM legislation, and the requirement for NZTA approval will constrain the range of solutions available.</p> <p>Contract length is constrained to nine years, by NZTA requirements.</p> <p>The network review will split the Tauranga (and surrounding) area public transport (PT) services into “Units”, as defined in section 5 (1) of the LTMA.</p>																														
<p>Key deliverables and milestones to be met</p>	<p>Depending on decisions on 25 August 2017, potential key procurement milestones are outlined below.</p> <table border="1" data-bbox="603 1223 1334 1908"> <thead> <tr> <th>Milestone</th> <th>Date</th> </tr> </thead> <tbody> <tr> <td><b>Procurement plan prepared and approved</b></td> <td><b>25/8/2017</b></td> </tr> <tr> <td><b>RFP Documents prepared and approved by NZTA</b></td> <td><b>Sept 2017</b></td> </tr> <tr> <td><b>Procurement Strategy Updated and approved</b></td> <td><b>August 2017</b></td> </tr> <tr> <td><b>RPTP variation to units</b></td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td><b>Engagement with Operators</b></td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td><b>Engagement with the public</b></td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td><b>Engagement with the NZTA</b></td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td><b>Approvals to go to tender (Council and NZTA)</b></td> <td><b>9/09/2017</b></td> </tr> <tr> <td><b>Tender released</b></td> <td><b>2/10/2017</b></td> </tr> <tr> <td><b>Tenders close</b></td> <td><b>10/11/2017</b></td> </tr> <tr> <td><b>Evaluate tender</b></td> <td><b>13/11/17 to 7/12/17</b></td> </tr> <tr> <td><b>Council decision (Council meeting)</b></td> <td><b>14/12/2017</b></td> </tr> <tr> <td><b>Award Contract</b></td> <td><b>14/12/2017</b></td> </tr> <tr> <td><b>Contract Start</b></td> <td><b>10/12/2018</b></td> </tr> </tbody> </table>	Milestone	Date	<b>Procurement plan prepared and approved</b>	<b>25/8/2017</b>	<b>RFP Documents prepared and approved by NZTA</b>	<b>Sept 2017</b>	<b>Procurement Strategy Updated and approved</b>	<b>August 2017</b>	<b>RPTP variation to units</b>	<input checked="" type="checkbox"/>	<b>Engagement with Operators</b>	<input checked="" type="checkbox"/>	<b>Engagement with the public</b>	<input checked="" type="checkbox"/>	<b>Engagement with the NZTA</b>	<input checked="" type="checkbox"/>	<b>Approvals to go to tender (Council and NZTA)</b>	<b>9/09/2017</b>	<b>Tender released</b>	<b>2/10/2017</b>	<b>Tenders close</b>	<b>10/11/2017</b>	<b>Evaluate tender</b>	<b>13/11/17 to 7/12/17</b>	<b>Council decision (Council meeting)</b>	<b>14/12/2017</b>	<b>Award Contract</b>	<b>14/12/2017</b>	<b>Contract Start</b>	<b>10/12/2018</b>
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<p>Transition requirements</p>	<p>Transition from current Schoolhopper contracts and supply arrangements to a new contracting environment. The transition from the Ministry of Education (MoE) school bus network has progressed since taking over in January 2015. This process reflects another stage of the transition from a</p>																														

	<p>“school bus network” into a more integrated PT network.</p> <p>Tenderers will also be asked to address the transition from current contracts and suppliers to new contracts and (possibly) new suppliers.</p>
Mandatory requirements	<p>There are several requirements that will disqualify a tenderer if they cannot meet the minimum standard. These include Health &amp; Safety, and the financial viability of the tenderer.</p> <p>The NZTA RUB document specifies the minimum vehicle specifications and standards.</p> <p>Baseline eliminators – any score of 35 or less (out of 100) on any of the following quality attributes will disqualify a tenderer.</p> <ul style="list-style-type: none"> <li>• Relevant experience</li> <li>• Relevant skills</li> <li>• Methodology</li> <li>• Track record</li> <li>• Resources</li> </ul>

**4. Market considerations**

Market characteristics	<p>It is likely that several bus operators will show an interest in the Tauranga Urban Network tender, including several that already have significant operations in the Bay of Plenty. In addition, we would likely see some interest from bus companies based outside the region.</p> <p>Restraints that exist for operators to enter the Tauranga market include;</p> <ul style="list-style-type: none"> <li>• the availability of suitable fleet (or time to build),</li> <li>• the availability of suitable local sites to work from,</li> <li>• the time to build and prepare the required infrastructure</li> <li>• the recruitment of staff to meet contract requirements.</li> </ul> <p>Currently there are a number of industrial sites available that would be appropriate for new operators to purchase for use and nationally we understand there is a significant fleet of used vehicles available to a potential operator. Recruitment of staff for similar contracts in other regions has shown that, while this may be difficult, it should not be an insurmountable hurdle for operators entering the market.</p> <p>No proactive international engagement is planned, as international interest is unlikely.</p> <p>A tender of this size will likely require the successful tenderer to build some vehicles. Indications from one of the local bus builders is that an 8 to 9 month build timeline would be reasonable.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #4F81BD; color: white;"> <th></th> <th>Time required</th> <th>Cumulative timeframe</th> </tr> </thead> <tbody> <tr> <td>Order chassis' from overseas</td> <td>10-12 weeks</td> <td>12 weeks</td> </tr> <tr> <td>First bus built</td> <td>12 weeks</td> <td>24 weeks</td> </tr> <tr> <td>Two buses built for every week thereafter</td> <td>10 weeks</td> <td>34 weeks</td> </tr> </tbody> </table> <p>The content of the tender responses, and the referee checks will determine if these operators have the capability to deliver all or some of the tendered</p>		Time required	Cumulative timeframe	Order chassis' from overseas	10-12 weeks	12 weeks	First bus built	12 weeks	24 weeks	Two buses built for every week thereafter	10 weeks	34 weeks
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	services.
Impact of this procurement on the market	This tender should be reasonably tempting to national operators. The procurement will be advertised and run through the Government Electronic Tenders (GETS) website. We intend to consult with industry prior to releasing the tender documents – through our “interested operators list”, and through the Bus and Coach Association (BCA).
Early market engagement	There would be significant benefit in engaging with the market – bus operators, the BCA – and the NZTA regarding the RFP documents.  Staff have also conducted a public engagement process around the final network.  During the tender process, an industry briefing will also be held.

## 5. Health and safety considerations

Health and safety in design.	Operators will be required to turn the service timetables into driver duty rosters that meet legal driving hour requirements.  The network review will also consider the suitability of road corridors for public transport.  We are engaging with Tauranga City Council (TCC) and Western Bay of Plenty District Council (WBoPDC) on infrastructure design (bus stops, shelters and interchanges), and with the NZTA on road safety initiatives.
Elimination of health and safety risks where practicable.	Council’s Health and Safety Pre-Qualification system (SHE) will be used, with tenderers required to have prequalification in place at time of tender submission.  Staff have completed a job safety analysis for health and safety risks relevant to the provision of the PT network. This work has identified a number of risks and current controls. It also identified some potential controls that will be considered. The process will be ongoing throughout the course of the contract, and is currently happening independently of this procurement process.  There are risks inherent to running a PT network that are outside the scope of this procurement process, that we will continue to try to draw attention to and mitigate. For example the risk of joint bus/cycle lanes (a local road’s largest vehicle sharing the same space as its most vulnerable user).

## 6. Sustainability considerations

Consumption and demand	The competitive tendering process will tend to reward any tenderer that can avoid unnecessary resource use.  The procurement process will also encourage/allow tenderers to submit alternative tender proposals. An alternative proposal offers an output that is different to that specified in detail within the RFP. However, the output offered is within the scope and meets the requirements of the RFP. An alternative tender may be one that costs less through better utilisation of resources, or provide significant benefits for a reasonable additional cost.  Demand for PT fluctuates with factors such as population changes, fuel prices, the cost of car parking, and even weather on the day of travel. However the greatest influencer of demand is the quality of PT provided, in terms of frequency, speed, reliability, safety and convenience. The contract will include mechanisms to adjust the resource load to meet demand that fluctuates over medium term timeframes.  As part of the submission, tenderers will be required to submit variable rates for any change in kilometres, driver hours or peak buses. These rates will be evaluated along with the other quality and price aspects. These variable rates will be used to increase or reduce service levels.
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Social considerations	<p>Since the Bayhopper PT service started in 2001, social impacts have been a key driver of PT investment. Services were introduced to provide access to health, education, leisure and social services for the transport disadvantaged. While this remains an important consideration, the focus in recent years has shifted to a greater emphasis on patronage services – those services that focus on maximising patronage to meet wider social benefits of reduced road congestion, reduced demand for CBD parking, reduced air pollution, and delayed roading infrastructure investment. From a national level, increasing the percentage of cost recovered from users has also become a key investment driver.</p> <p>One important social consideration of the procurement is that potential tenderers are faced with a range of fixed costs (fuel, tyres, capital investment). One key area where a competitive advantage may be attained is in employment/labour costs - a tenderer that can reduce the cost of their labour force will have a competitive advantage, albeit with some additional challenges around staff retention and industrial relations. There has been the argument raised that Council could stipulate a “living wage” to be paid to the tenderers staff, and staff are developing some information and options around this.</p>
Environmental considerations	<p>As part of the RFP development we are investigating the possibility of allowing electric or hybrid vehicles as alternative tenders.</p> <p>The RUB specifies national standards for vehicle emissions, and tenderers must demonstrate they can meet these standards.</p>
Cultural considerations	<p>The Māori population in the Bay of plenty is around 28% of the total population. Council has responsibilities to Māori under a number of statutes, particularly the Resource Management Act 1991(RMA), and the Local Government Act 2002 (LGA). Specifically, Part 2, Section 6 and Section 7 of the RMA recognises and provides for participation in decision making, having regard to kaitiakitanga, consultation and fostering development.</p> <p>The Public Transport Blueprint work considers the effect on access to land, water or significant places for Māori, and to that end has been presented to the combined Tangata Whenua Smartgrowth forum. This procurement plan is consistent with the Tangata Whenua position paper presented to Smartgrowth.</p> <p>While it is reasonable to consider that the impact of this procurement on Maori is limited, the effect on the community in general also extend to Māori. Māori benefit from the continued deployment of accessible buses, and the general improvement of bus frequency and travel times. An improvement in bus emission standards, through newer buses, also enhances the Mauri of the air quality in the area. This is in line with the cultural values of Tangata Whenua. Having considered Council’s responsibilities under the provisions of the RMA, it is reasonable to conclude that this procurement plan does not significantly impact Māori.</p>
Economic considerations	<p>The winning contractor will require a local workforce to operate but there are no other opportunities that have been identified to improve local economy through the tender process. The incumbent already has a local workforce in place, so there is unlikely to be a large scale loss or gain in jobs.</p>

## 7. Estimate of total cost

Estimated total cost of the contract	<p>Indicative estimates - \$144-\$166 million (between \$16-\$18.5 million per annum for 9 years)</p> <p>The specifications of the new contract(s) are being set as part of the Blueprint work and the cost estimate will be developed from the same work. This will be reported to Council prior to finalising the network and</p>
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	<p>RFP documentation.</p> <p>This contract cost will be shared between BOPRC, NZTA, and fare revenue received from customers.</p> <p>A quarterly inflation adjustment will be applied.</p> <p>A Financial Incentive Mechanism (FIM) will be included in the contract to incentivise the successful tenderer to collaborate with Council to increase patronage and revenue.</p> <p>After six years, a price reset will occur. This will be benchmarked against prices in other regions.</p> <p>This estimate does not include the cost of RFP preparation, the tender process and advice.</p>
Whole of life cost	The whole of life cost of the new contract(s) will be significant. It will also need to take into account inflation adjustments, service level variations (SLVs), FIM costs and the price reset. There will also be administration and contract management costs.
Value for money	The public transport guiding objectives are set out in the Background section of this document. Value for money will be measured against these objectives.
Confirm budget available	<p>The 2017/18 Annual Plan budget is \$12.9m for Tauranga (Urban and Schoolhopper), Katikati/Ōmokoroa and Te Puke services (AP16/17 \$12.6m)</p> <p>The next Long Term Plan estimates are likely to include \$15 million for year one increasing over time to meet inflation. These estimates are subject to review.</p> <p>NB: Any difference in contract provision and approved budget will not be met entirely by Council but will be shared between Council, NZTA, and the farebox revenue recovered from users.</p>
External funding	NZTA will provide funding through the NLTP. The services will also be funded through the farebox.

## 8. Stakeholders and communications

Users of the supply arrangement	This supply arrangement is solely related to Transport Policy
Collaboration opportunities	<p>Several opportunities for collaboration exist. The PT Blueprint work is being undertaken in partnership with TCC, WBoPDC and the NZTA.</p> <p>There will be an industry engagement and feedback process before the tender document release.</p> <p>Recent tender documents from Greater Wellington Regional Council, Waikato Regional Council and Auckland Transport are being reviewed in preparing the RFP document.</p> <p>The Senior Transport Planner has actively engaged with Smartgrowth.</p> <p>There is also a public engagement process that has been conducted around the new network options.</p>
Interested and influential parties	<p>There will be media and political interest.</p> <p>NZTA as a co-funder has a strong interest.</p> <p>Tauranga and WBoPDC public will have an interest in the new network</p> <p>The availability of bus fleet, both new build buses and buses already in service may influence this tender</p> <p>The timing of bus tendering at other Councils in New Zealand may also influence the outcome.</p>

	Tauranga Schools and parents will be interested in any changes to student transport options.
Communications channels	<p>Communication will be led by Transport with support from the BOPRC Communications team.</p> <p>Staff are currently investigating on-line public engagement tools.</p> <p>Ongoing communications with the PT Committee and Councillors, and other territorial authorities will also be important.</p>

## 9. Overview of sourcing approach

Degree of competition	<p>The tender will be open competitive, through the Government Electronic Tender (GETs) website.</p> <p>We are anticipating reasonably strong competition in this market.</p>
Stages and type of request	<p>The Request for Proposal documentation is currently under review, but it is likely the RFP documents will be made up of;</p> <ul style="list-style-type: none"> <li>• Standard Conditions of Contract</li> <li>• Instructions to Tenderers, including forms</li> <li>• Vehicle Quality Standards</li> <li>• Unit structure</li> <li>• Service Specifications for each Unit</li> <li>• PTOM elements (FIM and Partnering)</li> </ul> <p>Pre-qualification will also be used for Health and Safety elements (on a pass / fail basis).</p> <p>The RFP documents will need to be approved by the NZTA before release.</p>
Submissions	A two envelope tender (non-price/price) is recommended. Two envelope tenders are industry best practice and is NZTA approved.
Proposed form of contract	<p>The Western Bay of Plenty Bus Services contract will be a bespoke contract based on the Transport Standard Conditions of Contract.</p> <p>The contract will include PTOM elements, including a FIM.</p> <p>New monitoring and compliance clauses will be added, reflecting the updated Health and Safety legislation.</p>
Commentary to support any departure from the standard procurement procedures	<p>No departure.</p> <p>Procurement is based on methods outlined in the NZTA Procurement Manual.</p>

## 10. Selection criteria

Evaluation method	<p>The Price/quality evaluation method, as described in the NZTA procurement manual will be used.</p> <p>Alternative tenders will be considered.</p>
Criteria with weightings	<p>Staff recommend that the Price/Quality weighting mix for the Tauranga tender be 60% price and 40% quality.</p> <p>Council has historically tendered for public transport services using the Lowest Price Conforming tender evaluation method, and more recently a 70/30 weighting (70% of the tender outcome based on price, 30% based on non-price attributes). In our most recent tender we moved to a 60/40 split with the Eastern Bay of Plenty bus service.</p>

	<p>While some of the main “quality” elements of public transport are outside the direct control of the bus operator, there are large negative consequences to contracting a poorer quality tenderer, or one that will commit the absolute minimum amount of resources to running the service once they have won the tender. It may be more expensive (although we will not know this until we are evaluating the tenders), but could have a major impact on the quality of the public transport network over the next nine years.</p> <p>The non-price attributes that are evaluated are the tenderers Relevant experience, Relevant skills and proposed Methodology (all mandatory as set by the NZTA Procurement Manual). Non-mandatory attributes evaluated are the quality of the tenderers Resources, their Track record, Health and Safety and Financial viability.</p> <p>Price is evaluated on the annual tender price, and the variation rates (the cost to increase or decrease drivers hours, in-service kilometres or fleet size.</p>
Due diligence	<p>Due diligence will be performed by checking references, including financial viability. Staff are also considering the merits of confidentially reviewing a winning low tender by an independent third party if it is suspected of being unsustainable over the term of the contract.</p> <p>Staff will also conduct a site visit, verify qualifications, and ensure VTNZ Vehicle checks are performed.</p>

#### 11. Staff involved

Procurement Project Team	<p>Tender Evaluation Team will be made up of;</p> <p>Transport team procurement specialists, including a NZTA qualified tender evaluator</p> <p>External Public Transport procurement specialist</p> <p>The TET Non-Scoring chair and Project Owner will be a Council Manager, with senior manager support from a Council General Manager</p>
Others	<p>Other support to the TET will be provided by a Transport Planner, Strategic Procurement staff, in-house legal advice and external Probity advice</p>

#### 12. Quality assurance and probity

Quality assurance	<p>Tender Documents will be developed with input from the project team, and the wider Transport team. The RFP documents will need to be approved by the NZTA before release. Staff are also seeking advice around what other reviews and checks would be appropriate.</p> <p>Recent tender documents from GWRC and WRC have been reviewed and used as inputs into the RFP Documents.</p>
Probity	<p>Probity advice will be provided by Holland Beckett, with support from our in-house legal advice.</p> <p>The role of the Probity Advisor is to provide advice, and to provide assurance to Council, the Chief Executive and the project team that the project has acted consistently with the required probity principles in all material respects.</p> <p>The Probity Advisor is not part of the Tender Evaluation Team and will not evaluate any tenders, however, they may attend meetings of the Tender Evaluation Teams as an independent observer and will have access to other aspects of the Tender Process or meetings or presentations.</p> <p>Probity in this procurement will be managed by:</p>



	<ul style="list-style-type: none"> <li>• acting fairly, impartially and with integrity, acting lawfully, and being accountable and transparent.</li> <li>• ensuring compliance with the Council’s code of conduct is complied with.</li> <li>• ensuring that financial authority for the procurement is approved before proceeding to tender.</li> <li>• identifying and effectively managing all conflicts of interest.</li> <li>• protecting the supplier’s commercially sensitive and confidential information.</li> <li>• offering each supplier a comprehensive debrief at the end of the tender process.</li> </ul>
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**13. Endorsements and approvals**

	Name	Role	Signature	Date
Prepared by:	Mike Furniss	Senior Transport Operations Officer	Mike Furniss	29/7/17
Procurement:	Debbie Hyland	Finance and Corporate Planning Manager		29/7/17
Transport:	Garry Maloney	Transport Manager		
General Manager:	Fiona McTavish	General Manager Strategy and Science		
Approved (Delegated Financial Authority):				





**Report To:** Regional Council

**Meeting Date:** 26 September 2017

**Report From:** Fiona McTavish, General Manager, Strategy & Science

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## **Te Kawa o Te Urewera Relationship**

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### **Executive Summary**

Council signed a relationship protocol with Te Uru Taumatua in 2013 which is the operational/management arm established by Tūhoe's Treaty Settlement legislation – and subsequently for the Te Urewera Board. The protocol came about as a result of Tūhoe seeking an ongoing relationship with Council in recognition of the areas of mutual interest that exist between the organisations. Its importance was reinforced by its inclusion within the Deed of Settlement.

In recent discussions between the Chief Executive Officer of Te Uru Taumatua and Council staff about Te Kawa o Te Urewera - the draft Te Urewera management plan - the idea of a road map around future activities was raised. This idea has both opportunities and challenges for both parties but is potentially a next step in relationship building under the relationship protocol.

### **Recommendations**

**That the Regional Council:**

- 1 Receives the report, Te Kawa o Te Urewera Relationship;**
- 2 Approve staff exploring a relationship with the Te Urewera Board.**

#### **1 Purpose**

The purpose of this report is to seek Council's approval to engage in a discussion with the Te Urewera Board (the Board) to explore how we will work together through the development of a future focused road map.

#### **2 Introduction**

By way of introduction and explanation, staff have had a series of meetings with the Chief Executive Officer of Tūhoe's operational/management arm, Te Uru Taumatua. This organisation is also the operational arm of the Te Urewera Board (the Board). The Chief Executive Officer also sits on the Board. The Board is the entity established

under legislation tasked with preparing Te Kawa o Te Urewera - the management plan for Te Urewera. Te Urewera is deemed under the empowering legislation to have a legal personality, and the Board has statutory powers to represent its interests.

Council staff have been meeting with Te Uru Taumatua to discuss the interaction of Te Kawa o Te Urewera (the Te Urewera management plan) with Council's roles and functions. This management plan is required under the Te Urewera Act 2014. The Te Urewera Board, is authorised under the legislation, and is tasked with developing and adopting this management plan. A draft of Te Kawa was provided to Council for comment in May 2017 where general support was given on the principles set out in the document. The Board approached Council about further describing the "management" relationship between the organisations for inclusion in Te Kawa - but in terms of shared principles.

As part of the discussion on Te Kawa there were a number of outcomes which were:

1. The identification of text to include in Te Kawa that highlights the ongoing relationship towards mutual goals. This also inherently encompasses the National Policy Statement Freshwater Management (NPS FM) process for Te Urewera which is helpful to Council's process of looking at the Rangitāiki WMA.
2. The extension of an invite to Councillors to meet with the Te Urewera Board to continue the process of relationship building.
3. Agreement that the Board and Council have aligned principles and mutual interests in resource/environmental management, but viewed through different lenses. The Board is interested in exploring a roadmap, or a process for seeing how the roles and responsibilities of both organisations might work together and evolve into the future.

This last point is the subject of this report.

### **3 Where have we come from?**

Council signed a relationship protocol with Te Uru Taumatua in 2013. This protocol came about as a result of Tūhoe's Treaty Settlement process where Tūhoe sought a relationship with Council rather than the establishment of any co-governance structures. The relationship protocol was accompanied by a planning protocol with the four core local government agencies that cover Tūhoe's rohe. The Regional Council led the preparation of the planning protocol due to its working relationship with Tūhoe (and the Crown) at that time.

The key aspects of the relationship protocol are:

- Working together for mutual gain
- Seeking to increase engagement on shared goals, projects and initiatives
- An active rather than passive relationship
- Having a relationship manager to coordinate contact, to assist in managing issues and for creating opportunities.

### **4 The next step for a relationship?**

For the Board, resource management is defined differently to how local government views it within its role. Rather than managing way people use natural resources, Te

Kawa emphasises that managing people and their aspirations by instilling discipline through the practice of tikanga and kawa will mitigate human excesses, which in the Board's view, is why Te Urewera is in its current state. Council instead looks to the RMA and the definition for sustainable management and balance across the four well-beings.

Never-the-less, both organisations are aligned in terms of mutual goals for management of the environment. In this the Board views the Regional Council as a natural ally.

As noted above, the relationship discussions around Te Kawa identified the potential for a "next step" in Council's relationship with the Board. This has been described as a road map that looks into the long term future for how the mutual goals and share responsibilities might evolve. This will have opportunities and challenges for both organisations. An example is that capacity and capability has already been highlighted as areas of concern for both parties.

Discussions on Te Kawa have identified that one point of the road map would be the treatment of Te Urewera under the NPS Freshwater Management process. As the Te Urewera Board has statutory obligations for Te Urewera that overlap with Council's, the roadmap would specifically explore this area of shared responsibility.

The recommendation of this report is that Council staff explore with the Board the proposition of a roadmap. No commitments would be or can be made without Council approval. Staff will need to report progress back to Council. It is also recommended that Councillors be appointed to work with staff on this project. This may mean informal reporting, testing ideas/feedback to staff and inclusion in relationship meetings.

The content of the road map is only conceptual at present but the following might be explored:

- Sharing of expertise/knowledge/information
- Te Urewera values and limit setting process for the purposes of the NPS FM
- Staff exchanges
- Student support
- Environmental monitoring systems
- Maturanga/science interfaces
- Delivery of operational activities

Any road map would need to involve a long term perspective and a careful consideration of resourcing implications.

## **5 Implications for Maori**

This report is considering an initiative to further Maori participation in decision-making under the Local Government Act, and possibly the Resource Management Act. There are implications that need to be considered around the ability to support such an initiative in one part of the region which may lead to further requests for similar resourcing.

Council has committed to this particular relationship under its Relationship Protocol and exploring a "next step" has been anticipated.

## **6 Council's Accountability Framework**

### **6.1 Community Outcomes**

This project/proposal directly contributes to the Regional Collaboration and Leadership Community and Environmental Protection outcomes in the Council's Long Term Plan 2015-2025.

### **6.2 Current Budget Implications**

This work is being undertaken within the current budgets of a number of activities. Current resourcing involves staff time from the relevant functional areas.

#### **Future Budget Implications**

There is the potential for there to be future resourcing implications and these would need to be considered by Council as part of the next stages of implementing the relationship protocol.

Stephen Lamb  
**Natural Resources Policy Manager**

**for General Manager, Strategy & Science**

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