



## REPORT

Date : 20 August 2019

To : Ordinary Council Meeting, 5 September 2019

From : Finance, Systems and Property Group Manager, Michael Homan

Subject : **TE TĀHUHU O TE RANGI – LIBRARY REDEVELOPMENT**

File ID : A173832

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### EXECUTIVE SUMMARY

**This report informs Council of the outcome of recent public consultation and after considering feedback and comments received, recommends to Council that staff now progress Option 3, being the full development of Te Tāhuhu o Te Rangi with a view to complete this project in accordance with the attached timelines.**

### PURPOSE

Report provides summary of feedback received in response to recent public consultation.

In respect of each of the options, Option 3, provides detailed analysis of cost parameters and update on external funding expectations. Expected timeframes for completion are also attached to this report. This report recommends Council proceed with Option 3.

### BACKGROUND

Redevelopment of the Ōpōtiki Library has been a long standing ambition of the Council. Consultation on the options has been considered by the community on a number of occasions, and the project has appeared in every Long Term Plan (LTP) since 2009. The community were formally consulted (using the Special Consultative Procedure) in 2009 on four options, and further feedback has been sought many times in the decade since. Reports have been prepared over this time which have informed the development of the project, including a review of library services in 2009 (prepared by Susan Harris), a Feasibility Study in 2013 (prepared by Nicki Moen) and a Feasibility Report in 2018 (prepared by Di

Paton). Results from each of the public consultation exercises conducted over this time, have indicated community support for the project.

Architectural plans were developed in 2014, and resource consent and building consents were lodged in order to meet the requirements of potential external funding providers. In 2016, Council adopted the name Te Tāhuhu o Te Rangi for the proposed development, a name bestowed by kaumatua Te Riako Amoamo.

Community engagement on the project has been limited in more recent years as staff have been focused on securing external funding in order to deliver the project.

Despite efforts of staff, applications to date have been unsuccessful for a number of reasons. Unsuccessful applications include those made to the Lotteries Community Facilities Fund, the Lotteries Significant Projects Fund along with the Provincial Growth Fund. A successful application to BayTrust was also made in 2016 however failure to raise the balance of the funds required for this project meant that Council could not uplift those monies at that time.

The Eastern Bay of Plenty Energy Trust had earlier pledged funding to the project and those discussions have recommenced with a positive response to date. Current applications that have been made are covered elsewhere within this report.

Staff will continue to seek external funding opportunities and if successful any funds that are obtained will be used to reduce the external loan requirement and therefore reliance on rates.

In December 2018, Council asked staff to consider other options for financing the project.

At the 28 June 2019 Council meeting, staff recommended that Council agree to underwrite the project through external loan (from the Local Government Funding Agency (LGFA)). Three options were presented to Council for consideration, along with the expected financial implications of each option. These options included:

Option 1: Status quo (doing nothing)

Option 2: Small scale redevelopment of library

Option 3: Full scale redevelopment of library (our preferred option)

Council resolved at that meeting to (1) undertake a consultation exercise to seek the views of the public on the three options presented, and (2) report that feedback to council and present the three options outlined in this report for decision. This report fulfils the instruction from Council.

Public consultation on the three options was undertaken between 17 July and 14 August 2019. Feedback was sought on social media channels, through a dedicated page on our website (with embedded feedback form), through a media release, advertising in the local newspaper and through distribution of a flyer at the customer service desk at Council’s main office, i-SITE and Library. The results of that consultation exercise are summarised in this report and a full report of comments received is appended to this report (Appendix A).

During the public consultation period, staff have prepared more detailed information on the costs of delivering each option, on the timeframes associated with each option, and progress has also been made on external grants that this project remains eligible for. This information is reported below.

**Results of public consultation exercise**

261 submissions were received in response to the consultation exercise. The full text of those submissions is attached at Appendix A. For privacy reasons and where possible reference to individuals has been removed from the information attached to this report.

Of the 261 submissions received, 241 noted a preferred option. 20 selected no option or other. Of those who noted a preference, 41 were in favour of Option 1, 55 were in favour of Option 2 and 145 were in favour of Option 3.

192 people have also provided written feedback for consideration. Key themes arising from the feedback are listed below, along with a staff response if necessary:

<b>Key Themes</b>	<b>Examples of Comments</b>	<b>Staff Response</b>
Affordability.	<p>“Don’t spend what we haven’t got”.</p> <p>“Who pays?”</p> <p>“I would be happy with \$10 extra on my rates”.</p> <p>“Our rates are high enough now”.</p> <p>“I consider this a complete waste of money and it will intrude on the historical sites already here”</p> <p>“I believe Ōpōtiki is too small a town to try and build a cathedral (Option 3). It would be out of place...”</p>	<p>The financial part of this report provides an accurate picture prior to Council seeking tenders. Figures are robust and supported via a recently reviewed third party QS statement.</p> <p>A large amount of time and resource has been spent investigating alternative funding options and this will continue.</p>

Key Themes	Examples of Comments	Staff Response
Better to spend the money elsewhere.	<p>"Tidy up the town first"</p> <p>"There are more pressing issues than the library"</p> <p>"Why don't you look at spending the \$6m on a heated swimming pool/aquatic centre..."</p> <p>"We need upgrades with our playgrounds, a multi purpose building that can host larger events ..."</p>	<p>The Library redevelopment has been through many forms of consultation and included in a number of LTP's and Annual Plans.</p> <p>No options have stated \$6m. Option 3 sits at \$4.6m – affordability of a \$10m aquatic facility would require significant investigation. Funding streams allowed for the Library cannot be used directly for any other activity.</p> <p>A number of run down properties will be redeveloped through this project.</p> <p>The old Library site has been empty now for almost a year.</p>
About Time	<p>"Can't wait for it to start"</p> <p>"A major project that may inject life into the CBD".</p> <p>"We cannot afford to lose any more time in getting on with our new Library".</p> <p>"Just do it ... we need this (Option3) in our town".</p>	<p>There were a number of comments around the length of time that it has taken to get to this stage.</p>
Needed improvement to town.	<p>"Best thing we could ever have (Option3) to help our community come together – great for children, family and any community get-togethers. IT IS WORTH IT"</p> <p>"Let's go the whole way and expand into an amazing facility for the community".</p> <p>"Future Proof".</p> <p>"Be bold, be visionary"</p> <p>"Awesome 100% support ..massive kaupapa and resource for community ...massive potential".</p> <p>"An absolutely essential resident and visitor resource, used by every sector of the community"</p>	<p>Comments reflect feasibility study findings.</p> <p>The resulting works will see Council upgrade a number of Council owned properties within the CBD area.</p>
Use local tradesmen	<p>"But only with the guarantee it is supplied by Ōpōtiki businesses, built by Ōpōtiki tradesmen ..."</p>	<p>Council must follow its procurement rules. It will be possible however to have tenderers provide information around the use of local trades and/or apprentices.</p>

Key Themes	Examples of Comments	Staff Response
Improved Library Services	<p>"Literacy and access to information is vitally important to the well-being of a community so I hope Council acts swiftly".</p> <p>"The library is a vital hub of our community and they do so much to enrich our whānau, tamariki and rangatahi... The technology hub is vital when people can't afford access or can't get it at home..."</p> <p>"current space is too small".</p> <p>"This would be great in Ōpōtiki for the community. I wouldn't have to travel to Whakatāne to use their library for better resources".</p> <p>"our library is much more than a book depot..."</p>	A number of submitters were very positive towards the efforts of staff at the current location but commented Option 3 would result in much needed improvements that are restricted at the current location.
Use another site	<p>"House the Library in a historic building e.g Hickeys"</p> <p>"Would like our Library in one of our Historic Buildings"</p>	

Library staff also submitted feedback and comments. Their comments included a number of suggestions related to the design of the building. Such things as the need to control the levels of natural light as well as the very high levels of glass present in the design. The need to get the acoustics correct was also mentioned as was the possible inclusion of a mezzanine floor.

The staff at the Library will be included in the final review of the design prior going to tender.

Whakatōhea Māori Trust Board and the Ōpōtiki College have also provided letters of support for Te Tāhuhu o Te Rangi. Those letters of support are attached to this report as Attachments 1 and 2.

### **Update on external grant applications**

At the time of writing, three applications for external grants remain outstanding. One application seeks \$300,000 from BayTrust. Another application seeks a grant of \$400,000 from the Provincial Growth Fund (PGF) towards the provision of a digital hub within the proposed development.

The application with BayTrust has now been shortlisted and staff are working with BayTrust on the business case requirement from BayTrust and the necessary presentation to their Board. A day has not yet been set to meet with the BayTrust Board however this is expected to occur in November.

The initial application for funding to the PGF was withdrawn at their request. We were directed to the Regional Digital Hub Fund with that application lodged in June.

At the time of writing further information has been sought from the PGF regarding the digital hub grant that staff are working to fulfil.

Discussions have also been had with Lotteries who have previously declined applications for grant funding made by Council. They have indicated that their support requires a firm commitment by Council regarding the balance of funds required. The recommendation contained in this report satisfies that requirement. It is Lotteries preference to fund the "end piece" of a project rather than committing monies when there is still a risk that a project may stall.

That application for \$400,000 has also been lodged by Council. Applications closed 28 August 2019.

## **CONSIDERATION OF OPTIONS**

The following section provides analysis of each of the options considered as part of the recent public consultation exercise, starting with the option Council has indicated is their preferred option, Option 3. Advice on each option is provided in terms of financial considerations, timeframes and risks.

### **OPTION 3 – FULL SCALE REDEVELOPMENT**

This option proposes building the Te Tāhuhu o Te Rangi Technology and Research Centre as per our concept plan and drawings. This is a facility measuring 712m<sup>2</sup> located on the old library site that would provide a significant enhancement of the range of services and benefits we can provide to the community.

This option also extends across the existing Smiths City building site, the service lane and also encompasses the neighbouring property which until recently accommodated the Ōpōtiki Dentist.

Council is required to carry out a road stopping exercise regarding the service lane and that will run concurrent with other identified work streams. All land required for this option has now been acquired.

#### **Financial considerations**

**Costs** – The cost of delivering this option was estimated at the time of public consultation at \$4.75 million however recent developments have allowed that cost to be reduced to \$4.60 million.

A breakdown of this cost is included below. At this stage in the project, there is an inevitable degree of uncertainty associated with these figures. As the project progresses, the certainty around cost will increase.

The cost estimate of this option of \$4.6m is however supported by a recent detailed Quantity Surveyor report which states an estimate cost of \$3.86m. This is an increase of \$750,000 from the QS report received in 2016.

Staff have included a further \$740,000 in the budget which covers a number of items not included in the QS statement. This includes an allowance for unknown ground conditions, project management costs as well as a sum for internal fit out.

Cost breakdown	Cost (\$)
Build costs and contingencies	4,160,000
Preparatory work, tendering and project management	160,000
Internal fitout	280,000
<b>Total cost</b>	<b>4,600,000</b>

It is also to be noted that \$214,284 has already been spent on the Library redevelopment project over many years. This includes obtaining architectural and working drawings along with the costs of obtaining resource consent amongst other things.

**Funding** – Funding of this option would be sourced from a number of places, as is detailed in the table below:

Funding sources	Funding amount (\$)	Annual loan repayments (\$)
Library redevelopment fund	800,000	
Expected external grants	700,000	
Loan	3,100,000	118,000
Expected revenue (per annum)	30,000	
<b>Anticipated effect annual loan repayments on rates (per annum)</b>	<b>Additional \$10 per rating unit, or \$2.70 per \$100k of capital value of property</b>	

At the time of public consultation this option required a loan of \$3.25m. Due to recent savings that figure is now \$3.1m. The remainder of the cost will be covered by the existing library redevelopment fund (\$800k) and expected external grants (\$700k). As set out above, two earlier external grant applications and one new application remain undecided at the time of writing. Staff have a relatively high level of confidence that the two earlier grant applications will be successful, and a medium level of confidence in success of the more recent Lotteries application. If all three applications for grant are successful, the size of the loan, and cost of servicing the loan will decrease, reducing the annual cost to the ratepayer.

The annual cost of servicing a \$3.1 million loan is approximately \$118k. However, this annual cost is reduced by an expected increase in the level of revenue from this option that is not assumed under Options 1 and 2. Staff estimate the project could deliver revenue of approximately \$30k per annum, and this revenue goes toward offsetting the cost of servicing the loan (and thereby reducing the annual cost to the ratepayer). There are a number of options for securing revenue from the development, many of which are yet to be fully explored. However, staff are confident that the expected level of revenue is achievable.

The Trust Deed associated with Mechanics Institute properties require that any surplus revenue is to be used solely on the Library activity.

As it stands, the annual cost of servicing the loan required in order to deliver this option is approximately \$118k. The anticipated effect of this on rates is approximately an additional \$10 per rating unit, or \$2.70 per \$100k of capital value of property, per annum when also allowing for the expected increase in revenue and also no longer having to pay rent to a commercial landlord.

### **Timeframes**

A project plan has been developed for the delivery of this option. Based on reasonable assumptions around the time period required to carry out the necessary preparatory steps, and allowing for a ten month build period, this option sees delivery of a new library by November 2020. A copy of the project plan is attached as Appendix B. This project plan however will be adjusted again following the appointment of the Project Manager and receipt of tenders.



## **Risks**

Financial - If two or more of the funding applications are declined, there will be an increased capital cost to the community to deliver the project. However, staff have a high degree of certainty around success of two of the funding applications, and although a third funding application has been lodged that application has not yet been accounted for in the figures.

There is a risk that the assumptions around revenue are too high and that the revenue would not offset annual costs to the degree anticipated resulting in increased costs to the ratepayer. However, staff are confident that the figures used here are reasonable and achievable.

There is a risk that the build costs could be higher than anticipated increasing the overall cost of the project. However, staff have taken a conservative approach to cost, and have built in an appropriate level of contingency to manage this risk. Costs used are based on a recent third party QS statement.

Timeframes – There is a risk of delays to build timeframes which could frustrate community expectations around delivery. This risk will be reduced through diligent project management and could be managed through regular updates and communications with the community around progress should this become necessary. The attached timeframes are of course only indicative at this stage. Once Council goes to tender a final build and completion timeframe will be known.

## **OPTION 2 – SMALL SCALE REDEVELOPMENT**

This option proposes delivering a smaller scale facility of a similar size to the existing library - measuring approximately 300m<sup>2</sup>. It would be located on the site of the old library and would provide similar services to the existing library.

### **Financial considerations**

**Costs** – For the purposes of the consultation exercise, the costs of delivering this option were estimated to be approximately \$1.9 million. However, no detailed work on this option has yet commenced, and therefore no drawings or details are available in order to fully understand the financial considerations associated with this option. The \$1.9 million figure is simply an extrapolation of the cost of delivering Option 3 but at a reduced scale (300m<sup>2</sup>), instead of the 712m<sup>2</sup> proposed under Option 3.

In order to progress this option, an architect would need to be appointed to produce a new set of detailed drawings, and applications for resource consent (if necessary) and building consent applied

for. This is likely to result in an additional cost in the order of \$150,000 to \$200,000. This additional cost is not included in the \$1.9 million cost stated above, to provide an appropriate basis for comparison of options.

A QS statement based on full working drawings would also be required prior to finalising estimated costs for this option.

**Funding** – Funding of this option would be sourced from a number of places, as is detailed in the table below:

Funding sources	Funding amount (\$)	Annual loan repayments (\$)
Library redevelopment fund	800,000	
Loan	1,100,000	40,000
<b>Anticipated effect annual loan repayments on rates (per annum)</b>	<b>Additional \$7 per rating unit, or \$2.00 per \$100k of capital value of property</b>	

As was set out in the public consultation information, this option would require a loan of \$1.1m. The remainder of the cost would be covered by the existing library redevelopment fund (\$800k). No external grant funding has been assumed given the uncertainties around this option. However, should this option be eligible for, and successful in obtaining grant funding, the size of the loan, and cost of servicing the loan will decrease, reducing the annual cost to the ratepayer. It is to be noted that a development of this size would be unlikely to be able to deliver a digital hub and therefore it would be unlikely to be eligible for PGF digital hub funding as proposed under Option 3.

The annual cost of servicing a \$1.1 million loan is approximately \$40k. No added revenue is assumed under this option given the constraints associated with a building of this size.

The anticipated effect of this on rates is approximately an additional \$7 per rating unit, or \$2.00 per \$100k of capital value of property, per annum.

**Timeframes**

Given this option has not been developed, there is much more uncertainty around timeframes for delivery. Based on discussions with the architect, it is estimated that developing a completely new proposal for a 300m<sup>2</sup> development would add at least an additional six months to the project timeframe. Should Council wish to tender for a new architect and carry out public consultation on revised design proposals, further additional time would need to be built into the process to allow for

this. Based on these assumptions and allowing for a seven month build period, at the very earliest, this option would see delivery of a new library by June/July 2021. A copy of the project plan for this option is attached at Appendix C. This project plan would be adjusted following the appointment of the Project Manager and again following the receipt of tenders.

### **Risks**

Financial – There is a risk that a smaller facility will not provide the capacity required in order to meet the wants and needs of the community now or into the future. This could result in pressure to extend the facility in due course. In order to manage this risk, Council could seek a design proposal that would facilitate extension at a later date, but it is to be noted that a staged build is likely to exceed the cost of carrying out the works as a single build and would be less likely to attract external grants.

The build cost has no supporting documentation and at this stage is not as robust as the estimates provided for Option 3. Full working drawings and a full QS statement would be required before the cost of such a build is determined.

Timeframe – As is explained above, given this option has not been developed, there is much uncertainty around timeframes. It is certain that progressing with this option would lead to delays in delivery (when compared to Option 3). Given the length of time this project has been proposed already, any further delays, or public consultation exercises in respect of design development, are likely to frustrate community expectations around delivery.

### **OPTION 1 – STATUS QUO**

This option represents the status quo. It proposes continued operation of the library via leasing a privately owned building (ANZ building). It is noted that Council have already indicated that they believe that the library services able to be provided from this building are inadequate.

### **Financial considerations**

The annual rental cost equals approximately an additional \$7 per rating unit, or \$2 per \$100k of capital value of property, per year.

## **Risks**

Council have already noted an inability to deliver appropriate library services from this building. It is likely that relocation to another property or redevelopment of this site will be required in future in order to address the inadequacies in the service provision. Continued inadequate service provision results in risk to reputation and perception in the community.

By remaining in the current building Council will also be in conflict with past LTP's where Council has indicated a desire to redevelop the old Library building/site.

Should Council remain with the Status Quo then a decision on what to do with the existing building remains.

## **SIGNIFICANCE ASSESSMENT**

### **Assessment of significance**

In terms of statutory provisions, the key statute requiring consideration in this instance is the Local Government Act 2002 (LGA). Some decisions are defined as significant in the LGA, and those decisions require the use of formalised consultation procedures.

These decisions are:

1. Adoption or amendment of a Long Term Plan (Section 93);
2. Adopting, amending or revoking bylaws (Section 156);
3. When any other Act requires the use of the special consultative procedure (SCP) (Section 83).

As reported to Council on 25 June the loan required under Option 3 would result in a breach of the Council's debt limits as set out in the LTP. As such, there is an argument that in order to proceed with loan funding the project, an amendment to the LTP is required in order to adjust those debt levels. However, when considering an amendment to the LTP (point 1 above), consideration must also be given to the significance of that amendment in accordance with the Council's adopted Significance and Engagement Policy. The policy lists a number of criteria that need to be considered when determining the level of significance, and notes that if an issue exceeds one or more of the criteria, the matter is more likely to have a high degree of significance.

An assessment of the proposals against each of the criteria is provided in the table below: This assessment concludes that none of the criteria listed in the policy would be triggered by the options put forward in this report.

Criteria	Assessment
Any transfer of ownership or control, or the construction, replacement or abandonment, of a strategic asset as outlined in Appendix 1 of this policy.	The Library is listed as a strategic asset. However, the replacement of the Library is a long term aspiration of the council and it is therefore anticipated in the LTP. As such, this criterion is not triggered.
A decision that will have a major and long-term impact on the capacity of the Council to carry out any activity identified in the Long Term Plan.	As noted above, redevelopment of the Library is proposed in the LTP. The options presented in this report do not undermine this intention and therefore this criterion is not triggered.
A decision that will have a major and long-term impact on Council’s Strategic Direction.	Both of the options presented in this report are in accordance with the strategic direction described within the LTP.
A decision that will have a major and long-term impact on a wide range of people and/or groups who reflect the makeup of the District’s community.	The options presented in this report will have an impact on all ratepayers. However, the impact is not considered major as the anticipated increase in rates is minor (and based on a worst case scenario) and the impact on debt levels is similarly unlikely, and if it occurs at all, will occur in the final year of the LTP.
The issue, proposal, or other matter that will have a major and long-term impact on Council’s current level of service.	As described under each of the options listed above, neither option would have a negative impact on the current level of service provided.

As reported in June to Council it is deemed that any likely increase in rates is not considered significant.

Although the loan required under Option 3 could result in a minor exceedance of the self-imposed debt ceiling described in the LTP, this exceedance is unlikely (for the reasons set out above), and debt levels will not be breached before the next LTP is considered (2021, where this matter can be revisited and debt levels increased if Council so chooses).

For these reasons, the proposal to loan fund the library is not considered to represent a significant amendment to the LTP and therefore the council is not required to consult the community using the

SCP. For the same reasons, the proposal is considered of low significance when considered against the Council’s Significance and Engagement Policy.

This reasoning has been discussed with Audit NZ and an (informal) legal opinion has been sought. The legal opinion and advice from Audit NZ supports the conclusion set out above.

**ASSESSMENT OF ENGAGEMENT REQUIREMENTS**

The assessment above concludes that the options to be presented to the community do not represent a significant amendment to the LTP, and are considered of low significance when assessed against the Council’s Significance and Engagement Policy. On that basis, the level of engagement required was determined to be at the level of ‘inform’ according to Schedule 2 of the Significance and Engagement Policy.



However, the Council had previously indicated their intention to carry out further public consultation (December 2018 Council meeting). Staff supported this intention and recommended that the public be consulted on the options set out at the June meeting of Council. Staff also recommended seeking general feedback on the project given the length of time since the project has been discussed in any dedicated way.

Public consultation was therefore carried out between 17 July and 14 August in the typical manner, with feedback sought through social media channels, a dedicated page on our website (with embedded feedback form), advertising in the local newspaper and through the distribution of a flyer at the customer service desk at Council’s main office, our i-SITE and our Library.

The results of this feedback have been covered earlier within this report.

## **COMMUNITY INPUT AND PUBLICITY**

The results of the consultation shows overwhelming support for Option 3. This is constant with similar feedback and consultation in the past.

The main areas of contention have been covered above and mostly revolve around affordability as well as alternative projects. Comments regarding possible other locations were also mentioned.

Staff were pleased with the amount of feedback received. It is felt that Council can now proceed with confidence after considering all of the feedback in Appendix A.

## **CONSIDERATIONS**

### **Financial/budget considerations**

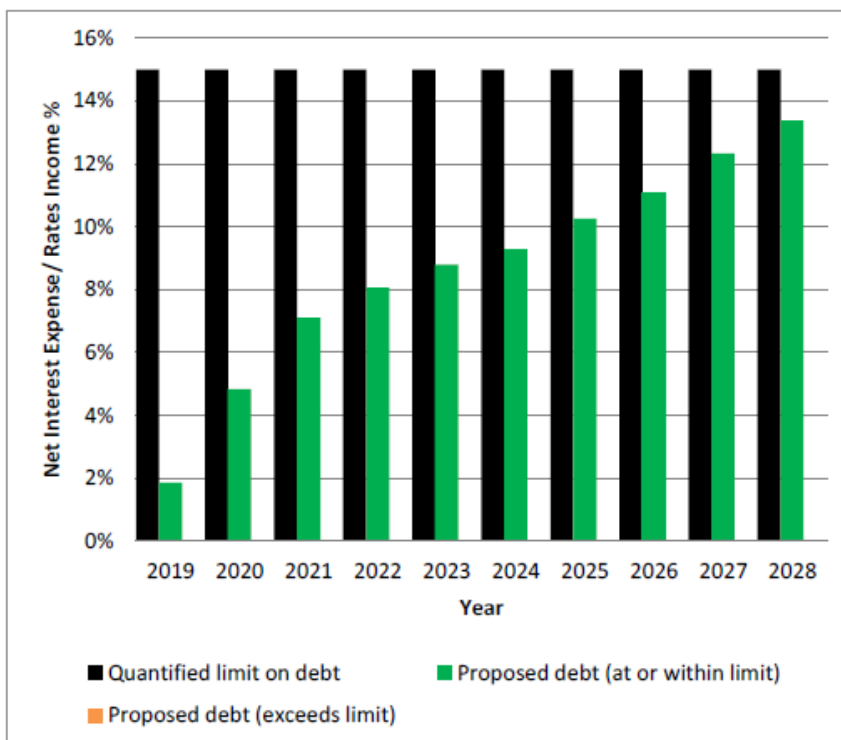
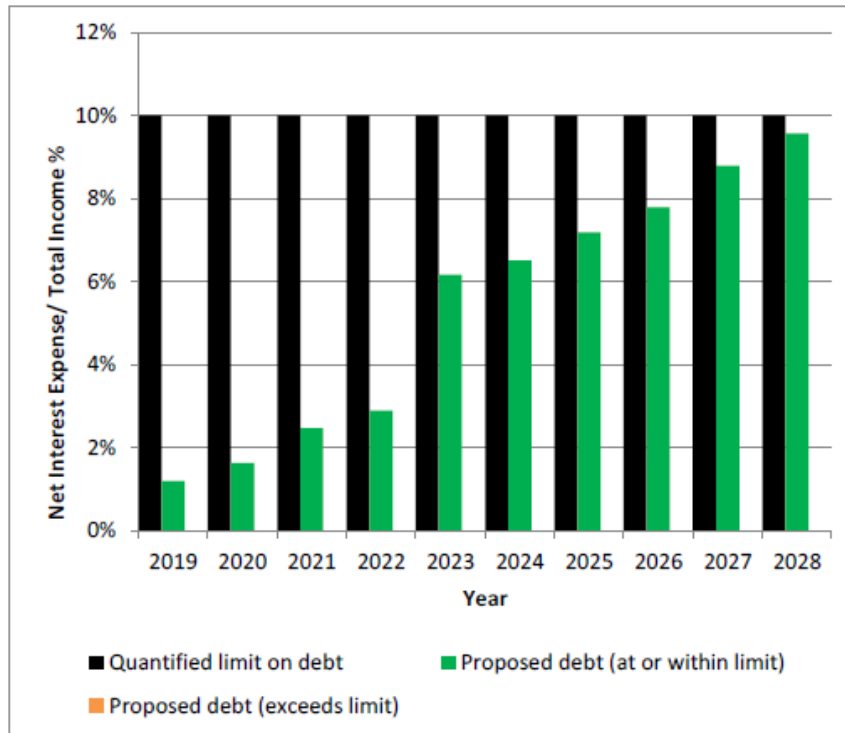
As reported to Council on 28 June 2019 the key considerations relate to impacts on rates and impact on Council's level of debt.

#### **Impact on rates:**

The impact on rates for each of the options has been outlined earlier. However, until the tender has closed and costs are finally known, the impact (if any) on rates as already budgeted in the LTP for 2018-2028 will not be fully known.

#### **Impact on Council's debt ceiling:**

The graphs below, taken from the 2018-2028 Long Term Plan (LTP), show expected levels of debt ratio against the self-set limits of Council over the lifetime of the LTP. Currently these limits are 10% of Net Interest/Total Income and 15% of Net Interest/Total Rating Income.



Option 1 requires no loan and therefore has no impact on debt ratios. Option 2 requires a loan and this will have an impact on debt ratios. However, as is set out above, the loan required under Option 2, when taken with all other projects proposed, would not result in a breach of the debt levels described in the LTP. The loan required under option 3, when taken together with all other projects proposed, will result in Council breaching the limits it has set itself for debt serviceability in last year of the LTP (2028).



Debt servicing ratios are reflective on revenue sources. The LTP takes a cautious approach to increased growth and revenue and assumes a 'low growth scenario'. Should Council enter a period of revenue growth then that will have a positive impact on serviceability and the debt ceilings which are currently in place. Given the 'low growth scenario' assumed in the LTP, the LTP also makes clear the intention to review and revisit limits when compiling the 2021-2031 LTP.

The self-set limits are also able to be reviewed by Council should Council wish to enter in to a period of investment and growth. LGFA has guidelines of 20% and 25% for debt serviceability. Council's debt ceiling limits are therefore conservative and reflective of an expected increase in the need for further debt towards the end of this LTP. Should Council identify a need for further debt or a desire for investment in growth between now and 2027/28 Council has the ability to readdress self-set debt ceiling limits while still keeping well within the LGFA Financial Covenants.

Most if not all LTPs developed to date have proposed increases in debt levels however in reality those levels do not reach those proposed due to a number of reasons;

- Most projects are budgeted conservatively high to ensure a reduced risk of cost overrun. Most projects are therefore completed within budget or below.
- Historically Council has not been required to borrow additional funds where projected due to available cash and good management of investments.
- Delays or deferrals of projects reduces the impact on debt levels. There are a number of projects reliant on external funding that have been delayed, this has kept debt levels at the same levels as they were for the last 5-7 years despite Council undertaking a number of significant projects.
- Debt limits for the last two LTP's have been amended so that they are set against Council's ability to service the debt, rather than a set value as was previously done. This allows Council to continue to provide capital projects to the community as long as there is sufficient revenue to cover the debt servicing. As long as Council continues to maximise revenue opportunities then it will remain within the present limits.
- Council resolved to reconsider development contributions once growth is apparent across the district. This will have a positive impact on debt servicing should we experience a period of expected growth.

For these reasons councillors can take a level of comfort around the decision to continue with Option 3, as the likelihood of reaching or exceeding the self-imposed debt limits is manageable. This does

mean that Councils prudent debt levels have been reached and that should other desired projects surface then Council may need to revisit the current self-set debt levels.

## **CONCLUSION**

Three options for the redevelopment of the Library were outlined and presented to Council for consideration on 28 June 2019. Two of those options require financing by external loan.

It was decided on 28 June to enter a period of consultation and seek feedback from the community. That feedback has been summarised elsewhere in this report with significant support being for Option 3 (full development of Te Tāhuhu o Te Rangi). The recommendations that follow reflect the outcome of that consultation and earlier Council preferences for Option 3.

## **RECOMMENDATIONS:**

- 1. That the report titled "Te Tāhuhu o Te Rangi – Library Redevelopment" be received.**
- 2. That Council note the feedback and comments received through the recently completed consultation.**
- 3. That Council resolve to proceed with the full development of Te Tāhuhu o Te Rangi and commit to funding up to \$3.1m through external loan funding source (LGFA).**

Michael Homan

**FINANCE, SYSTEMS AND PROPERTY GROUP MANAGER**

## Attachment 1 – Letter of support – Whakatōhea Māori Trust Board



122 St John Street, PO Box 207  
Ōpōtiki 3168  
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www.whakatohea.co.nz

25 July 2019

Aileen Lawrie  
Chief executive Officer  
Ōpōtiki District Council

Tēnā koe Aileen

### **RE: TE TĀHUHU O TE RANGI: LIBRARY, RESEARCH AND TECHNOLOGY CENTRE**

Whakatōhea Māori Trust Board support the planned development of Te Tāhuhu o Te Rangi. Such a development will provide a much-needed boost to activity in and around our central business area as well as enhancing the visual aspect of the main street.

The added services which incorporate improved public connectivity, meeting room space, hot desking and access to archival information all within a new community building will provide a lasting benefit for the broader community for many years to come. The current shortage of these services locally, which are common place in other areas, has restricted many throughout our district for a long time now.

I congratulate you on your work to date and look forward to seeing the plans come to fruition.

Naku noa

A handwritten signature in blue ink, appearing to read 'Dickie Farrar', is written over a light blue horizontal line.

**DICKIE FARRAR**  
Chief Executive Officer, Whakatōhea Māori Trust Board

**Attachment 2 – Letter of Support – Opotiki College**

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St John Street PO Box 146 Opotiki 3162 New Zealand  
Telephone: 07 315 7022 Fax: 07 315 5639  
Email: admin@opotikicol.school.nz

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**Opotiki College**

Te Kura O Opotiki

Monday 12<sup>th</sup> August 2019

Aileen Lawrie  
Chief Executive Officer  
Opotiki District Council  
PO Box 44  
Ōpōtiki

RECEIVED  
20 Aug 2019  
Opotiki District Council  
RECORDS

Dear Aileen,

**RE:SUPPORT - TE TAHUHU O TE RANGI TECHNOLOGY AND RESEARCH CENTRE AND LIBRARY**

It is with pleasure that I confirm the support of Ōpōtiki College for the proposed Library and Technology Centre.

The Ōpōtiki community has been in need of a facility like this and the services it will provide for quite some time now.

Having such a facility available in the main business area of Opotiki will provide many with learning, and technology opportunities which, for a number of reasons, they do not currently have. The long term benefits which this facility will provide the youth will be seen for many years to come.

I congratulate you on this initiative and look forward to seeing the development of Te Tahuhu o Te Rangi come to life and the wider community benefits that it will bring to the Ōpōtiki District.

Yours sincerely

A handwritten signature in dark ink, appearing to be 'S. Impey'.

Susan Impey  
Principal