

STAFF REPORT

TO: Mayor and Councillors, Tasman District Council

FROM: Dugald Ley, Development Engineer

SUBJECT: **Tasman Cycle Trail – RCN10-07-04**
Report prepared for meeting of 22 July 2010

PURPOSE

The purpose of this report is to update the Council on the progress and forward work required to implement the Tasman Cycle Trail. The Nelson Cycle Trails Trust (the Trust) are presenting at the meeting of Full Council on 22nd July 2010.

BACKGROUND

Councillors will be aware of Prime Minister, Rt. Hon John Key's proposal to create jobs and promote economic growth by the development of some "great cycle rides" around New Zealand.

A number of "quick start" cycle projects are currently being constructed. Nelson City Council and Tasman District Council were fortunate to receive an allocation of \$2.6 million (GST exclusive), of which the Ministry of Tourism designated \$2,145,911 for the Tasman Cycle Trail.

Note: Ministry of Tourism Funding approval letter dated 6 July 2010 attached. The May 2010 Feasibility Study Document is available on request.

Many individuals have contributed a great deal of voluntary hours on behalf of Council in preparing the submission to the Ministry of Tourism. This includes, in particular, Nelson Cycle Trail Trust members and their volunteers.

The Trust has worked with the Nelson Regional Economic Development Agency, Tourism Nelson Tasman, Sport Tasman and Nelson Marlborough Institute of Technology for the Feasibility Study. The excellent rapport that Trust members/volunteers have developed with landowners and the community is acknowledged and this should be fostered at every opportunity. It is important that these relationships continue during the implementation phase to ensure the more difficult land matters are dealt with constructively.

From the Feasibility Study estimates it is envisaged that out-of-area visitor number for the Trail could be a conservative 32,000 people per year, but possibly as high as 55,000 per year. On average the conservative visitor spending could amount to \$6.6 million per year.

As part of the recent Annual Plan 2010/2011 process, Council agreed to commit \$941,320 towards this project and also included the following notation in the Annual Plan:

“New Zealand Cycle Trail

The Nelson Cycle Trails Trust, in association with Council, has put in a proposal for funding from the Government’s National Cycleway budget for construction of a cycleway loop around Richmond – Tapawera – Motueka – Coastal Highway. In March we heard for the Government that our project had made it to the next stage in the process. The Trust submitted a feasibility proposal to the Government on 31 May. The next step in the process is for the Trust to submit a business case by 30 September 2010. In late 2010 the Government will make decisions on which projects receive funding. The Tasman project may receive around \$2 million from the Government.

At this stage we are uncertain about the criteria that may be used to assess the projects, what level of local funding may need to be contributed and the timelines for constructing the projects. Council has allowed some funding throughout the next nine years for cycleway development, some of which could be used towards this project.

The project received a lot of support in submissions on the Draft Annual Plan. If the Tasman project is successful in attracting Government funding, the Council will consider reprioritising the spending on cycleways to come up with its share of the project for the 2010/2011 year. The funding for Council’s share of around \$940,000 over three years could come from funding in the transportation cycleways budget and from the parks and reserves cycle ways budget.”

The Trust now proposes a two year construction programme from October 2010 to October 2012. This overlaps three Council financial years – 2010/2011, 2011/2012 and 2012/2013. Therefore there is no need to ‘reprioritise’ funding.

DISCUSSION

The next stage of this cycleway development is the establishment of an organisational structure, agreements and the implementation plan for construction works.

Council does not currently have the “in-house” resources to manage, implement and construct the cycle trails that Government considers should be “up and running” within 12 to 18 months.

Some of the projects/issues that need to be organised within a very short timeframe include:

- Marketing including website – www.nelsoncycletrails.com and www.nelsonrailtrail.com (two of the many domain names that have been secured by the Trust), merchandise, and regional branding to sit alongside the New Zealand Cycle Trail Brand
 - Landowner negotiations and agreements
 - Design and supervision
 - Construction
 - Maintenance
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- Ongoing funding
- Resource consents
- Traffic management plans and applications

FINANCIAL

The Trust has estimated, through the Feasibility Study, the following costs commencing October 2010. (Note costings will be peer reviewed as the project progresses).

Location – Stage 1	Costs	Funding
Richmond to Mapua	\$1,833,190	Council's share commitment from years 2010/2011, 2011/2012 and 2012/2013
Richmond to Wakefield	\$589,086	
Contingency	\$484,455	
Design	\$101,736	
Project management	\$178,764	
Total construction over next two years (October 2010 – October 2012)	\$3,187,231	\$941,320 – Tasman District Council \$2,145,911 Min. of Tourism \$100,000 Trust to source

Stages 2 and 3 below not committed to at this stage by Council

Location – Stage 2	Costs	Funding
Mapua to Riwaka	\$714,883	
Wakefield to south of Spooners Tunnel	\$847,122	
Contingencies	\$312,412	
Design	\$65,607	
Project management	\$115,280	
Total	\$2,055,359	Funding from Tasman District Council, Trust and other parties (including subsequent application to Ministry of Tourism)

Note: The more sponsorship the Trust may obtain, either in funds or work in kind, the lower the Tasman District Council contribution will be.

Location – Stage 3 (complete loop)	Costs	Funding
Riwaka/Kaiteriteri to Tapawera	\$858,232	
South Spooners to Tapawera	\$638,320	
Contingencies	\$299,310	
Design	\$102,281	
Project management	\$110,391	
Total	\$2,008,534	Funding from Tasman District Council, Trust and other parties (incl. application to Min. of Tourism)

Other costs, legal, consents, agreements

\$179,558

The Trust has received some seed funding from Nelson City Council, Nelson Airport Company, Tasman District Council, Nelson Mayoral Fund and the Nelson Regional Economic Development Agency. The Trust may still need further seed funding (from sources yet to be defined) until Year Five when the Trail may be self-sustaining.

The key point for the Council to note is the requirement for the Trust to raise an additional \$100,000 as its share of stage one construction.

Some of the projects proposals around New Zealand were not successful and the Trust will now be applying to the Ministry of Tourism for some of that unspent allocation. This request, on behalf of Council, will be argued to complete the Coastal route to Riwaka (Kaiteriteri) as this would greatly enhance the ability to attract cycle tourists and the consequential benefit to the region.

MANAGEMENT OPTIONS

To allow the Tasman Cycle Trail to proceed, a project manager needs to be appointed.

It should be noted that the proposed asset will be on Council land or in Council control via easements or agreements. Council will retain the ultimate ownership and control the project, as well as manage the financial aspects.

OPTION ONE

One option is that the Nelson Cycle Trails Trust be appointed to co-manage the project, with Council providing the governance, financial management and overview of the project.

This form of co-management would need a Memorandum of Understanding to be agreed between the Trust and the Council.

OPTION TWO

If Council chooses to manage the project on its own, this would result in significantly increased costs, as “in kind” work from the Trust would not be available.

The Trust and Nelson City Council are currently in discussion around a draft Memorandum of Understanding. It is possible that the Trust/NCC MOU, when finalised, could be used as a basis for an MOU between Tasman District Council and the Trust.

Once constructed, the Trust could also be given responsibility for ongoing maintenance and marketing of the Trail. Council will still retain ownership and ultimate responsibility for an asset plan. It is considered that the proposed MOU between the Trust and Tasman District Council could also provide for this ongoing relationship and responsibility.

NEXT STEPS:

Two areas the Trust will now focus on for Stage 1:

- a) The construction and implementation of Stage 1 Trail building, and
- b) Brand development, website, and relationship development with commercial providers.

Note: the Implementation Plan is being finalised by the Trust and the Funding Agreement is being prepared by the Ministry of Tourism for submission to Council.

RECOMMENDATIONS

THAT the Tasman Cycle Trail report (RCN10-07-04) be received.

THAT the Chief Executive be given delegated authority to establish and enter into a Memorandum of Understanding between the Tasman District Council and the Nelson Cycle Trails Trust for the project management, and ongoing maintenance of the Tasman Cycle Trail Stage 1.

THAT the Tasman District Council be the financial controllers for the Ministry of Tourism grant of \$2,630,000 (GST exclusive), including the Tasman share of \$2,145,911 (GST exclusive) and Nelson share of \$484,089 (GST exclusive).

THAT the Engineering Manager be given delegated authority for the construction of the Tasman Cycle Trail – Stage 1.

THAT the commitment by Tasman District Council of \$941,320, over 3 financial years (July 2010 to June 2013), be confirmed.

Dugald Ley
Development Engineer
