

## Activity Planning -2012-2022 Ten Year Plan Strong Communities - Airfields

### The main matter that the Council is being asked to consider is....

- Maintaining existing levels of service for the provision of Airfields, with a cost reduction focus.

### 1. Council direction

The direction provided to staff by the Council in December 2010 was to consider a partner/advocate role as well as provider role for this activity.

### 2. What the activity does

The Council's involvement in Airfields involves the provision of two airfields in the District - one in Pauanui and the other in Thames. Their function is primarily for recreational use and some commercial flights. Airfields also act as a useful resource in case of emergency.

The Council owns (and presently manages) both airfields.

### 3. What the legislations says

Council's involvement in the airfield activity occurs within the relevant legislation such as the Civil Aviation Act 1990 under which the Civil Aviation Authority (CAA) operates. This includes the need for the Council airfields to meet standards associated with the CAA's safety monitoring programme for New Zealand airfields and Civil Aviation Rules (CARs).

Despite the benefits of the provision of Airfields, they are not required to be provided and there is no legislative requirement for Council to be involved in the Airfields Activity.

### 4. Proposed activity objective

The proposed activity objective for the Airfields activity is:

*To provide for aviation based activities in the Thames-Coromandel District.*

NB: Whilst not the same, this is very similar to objective stated in the 2009-2019 Ten Year Plan.

### 5. How this activity currently would contribute to the Council Outcomes

The activity will contribute to the achievement of the Council Outcomes as follows:

Council Outcome	The Airfields activity...
A prosperous district	<ul style="list-style-type: none"><li>• Contributes to the provision of infrastructure services that may benefit the local economy.</li><li>• Provides opportunities for jobs and businesses associated with the aeronautical industry.</li></ul>
A liveable district	<ul style="list-style-type: none"><li>• Provides access to and from the district, by air that may contribute to civil defence.</li></ul>

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	<ul style="list-style-type: none"> <li>• Provides recreation and leisure opportunities.</li> <li>• Makes it easy to get around.</li> </ul>
A clean and green district	<ul style="list-style-type: none"> <li>• Balances environmental protection with accessibility.</li> <li>• Provides opportunities for recreation and enjoyment of the Peninsula.</li> </ul>

The Coromandel Peninsula Blueprint places expectations on the Airfields Activity to provide and maintain airfields both to make the community more resilient in times of emergency and to offer opportunities for people to enjoy a range of lifestyles.

The LAB proposes recognition of the strategic importance of the airfield at Pauanui both for emergencies, and for economic development i.e. increased "work from home" options

### 6. Things to be aware of

- The Council is not the only provider of airfields in the District. There are private airfields and Whitianga and Coromandel. There is also an airfield in Matarangi which has only recently reopened after a period of closure (due to the receivership of the Estate)
- The Council has recently received an enquiry about the non-Council management of the Thames Airfield.
- The airfields activity represents 0.12% of Council budgets, and as such is not an activity in which significant cost savings will be achieved.

#### ***Pauanui***

- Management of the Pauanui airfield has been carried out in partnership with a private operator for approximately five years. This has had mixed results with some benefits and other areas for improvement.
- One of the key issues is the relatively low levels of income generated from airfields to fund private operators in a management role. At the time of writing, with the resignation of the Pauanui Airfield Operator the Council has re-assumed management of the Pauanui airfield.
- Under the private operator arrangement the Council did not collect landing fees but allowed the operator to receive donations. In general income from landing fees is not high enough to cover the operators costs. The Council still had to meet the majority of maintenance costs.
- Since the resignation of the Pauanui Airfield Operator, the Council has managed the airfield and resumed collecting landing fees. This has resulted in approximately \$3,000 revenue in four months. Approximately 10% of the total operating costs have been recovered between November and February 2011.

### 7. A word from our community....

- The 2010 community prioritisation survey shows that "the provision of airfields" sits at the lowest ranking of the 27 activities surveyed. This activity remains a low priority activity, as determined by the community, when compared to other Council activities.
- Staff are aware that there are some customers in Whitianga who have indicated they would like to see the Council take over the management and funding of the Whitianga airfield.

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### 8. Strengths, weakness, opportunities and threats

- Currently the 'minimalist approach' to the operation and planning for airfields can be considered a strength, however it may also be an issue if the future value and role of air based access to the district is overlooked.
- A strength is that the land on which the Thames and Pauanui airfield are located is secure via Council ownership.
- A strength is that the cost of provision of airfields is a comparatively small proportion of Councils total costs.
- A risk is that development encroaches onto or around airfields leading to pressure to reduce or stop the continued operation of the airfields. This means that the Council needs to actively manage development that is close to airfields.

### 9. Proposed levels of service options

The following options are proposed regarding the airfields activity:

#### **Option 1: Maintain existing levels of service, with a cost reduction focus**

Levels of service under this option are proposed as follows:

1. The Thames and Pauanui Airfields are safe to use
  2. The Council considers partnering opportunities in its management of airfields
  3. Existing Council owned airfields will be available in the future
  4. In its planning, the Council provides for airfields.
- This option recognises the strategic direction of "consider partner/advocate role as well as provider" however it would not bind Council to partnering as there may be cost implications depending on the detail of any partnering agreement(s).
  - This option could see the Council form an increased partnering and planning role alongside private groups that already operate airfields such as Whitianga and Coromandel to help ensure their future operation. Such an area is in planning controls to allow for their future operation.
  - This option does not entail cost increases.
  - The use of private operators will have associated costs. This needs to be weighed up in comparison to continued Council management which based on the Pauanui experience for five years is cheaper than using an external operator.
  - One key area for increasing income generation is via landing fees.

#### **Option 2: Reducing costs**

Levels of service under this option would be as follows:

1. The Thames and Pauanui Airfields are safe to use
  2. The Thames and Pauanui airfields are operated independently of Council.
- In theory the Council could seek to engage operators to carry out all management and meet all expenses and responsibilities associated with the Thames and Pauanui Airfields. This would have the associated benefit of the Council reducing its costs of management.
  - Experience thus far the use of external operators (in Pauanui) and seeking new operators indicates a cost of using such operators.
  - Potential rough order reduction in annual operating costs of 30% or more in Pauanui and Thames.
  - However, the key issue will be getting an operator to take on total responsibility for the airfields at no cost to Council which is unlikely given past experience (e.g. rates, insurance, mowing, fencing, signage, general maintenance, CAA

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inspections etc).

### **Option 3: Removal or major reduction in the Airfields activity**

This option would mean the the Council exits all involvement in the Thames and Pauanui Airfields.

Cost savings would be the key driver of this option. The exact costs cannot be confirmed however generally this option could result in reduced annual operating costs \$44,000 in Thames and \$33,000 in Pauanui.

This option would involve the sale of the airfields. Currently the Pauanui airfield has a rating valuation of \$1,061,000 and Thames airfield \$1,160,716.

However, staff would caution against this option for the following reasons.

- This option is inconsistent with the Coromandel Peninsula Blueprint.
- This option would likely generate a negative reaction from members of the community.
- Staff would anticipate concerns from leaseholders and property owners who are located on or adjacent to the airfields.
- Further concerns would be expected from the community in that the Council would be selling assets vested to it on behalf of the community, particularly in Pauanui (note the recent controversy regarding the sale of tennis courts by the Pauanui Sports and Recreation Club).
- The Council may be subject to legal challenge should it attempt to sell.

### **10. How is this activity managed?**

Council's currently owns and manages two airfields and associated 'hard infrastructure' such as drainage, roads, and fencing. It does not own all the building and facilities associated with the airfields.

The Airfields are managed by Area Managers and Area Coordinators.

### **11. What do we currently spend on this activity?**

As a proportion of Council's annual budget for the 2011/2012 year, the Airfields activity represents approximately 0.13% of total spend.

<b>2011/2012 Draft Annual Plan</b>	
Operating Expenditure (excluding internal interest cost)	\$0.13m
Capital Expenditure	n/a
<b>Total budgeted spend for Airfields for 2011/2012</b>	<b>\$0.13m</b>
Total Budgeted spend for Council for 2011/2012	\$100.97m
Total percentage of budget spent on Airfields	0.13%
<b>2009-2019 Ten Year Plan</b>	
Operating Expenditure (excluding internal interest cost)	\$1.52m
Capital Expenditure	n/a
<b>Total budgeted spend for Airfields for 10 years</b>	<b>\$1.52m</b>
Total Budgeted spend for Council for 10 years	\$1,295.64m
Total percentage of budget spent on Airfields	0.12%

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### 12. How this activity is funded, and why.

The Airfields Activity is currently funded as follows:

*Funding rationale summary as outlined in the 2009-2019 Ten Year Plan*

Airfields provide a means of transportation to the community at large, albeit to a fairly small number of people who are generally located close to the relevant airfield. There are many privately run airfields located within the District as well as those funded by the Council. As such It is considered that any benefits from economic development arising from airfields would predominantly benefit the communities within which they are located. There could also be a role of servicing the individual communities in the event of a disaster occurring.

*The funding mechanisms used to fund operating expenditure are:*

Airfield	General Rates	UAGC	Targeted Rates	Fees & Charges	Grants & Subsidies
Thames			Land value by Board 60-79%	40-59%	
Pauanui			Land value by Board 80-100%		

*The funding mechanisms used to fund capital expenditure are:*

Develop. &/or Financial Contribution	Borrowing	Asset Sales	UAGC	Depreciation	General Rates	Targeted Rates	Fees & Charges	Grants & Subsidies	Lump Sum Contribution
✓	✓	✓		✓		✓	✓		

Staff recommend no changes to the funding policy used for this activity.

### 13. Staff recommendation

- Staff recommend Option 1, maintaining existing levels of service for the provision of airfields, but with a cost reduction focus.
- Staff recommend no changes to the funding policy used for this activity.