Revision History

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Document Acceptance

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Assumptions, limitations and disclaimers

This report is confidential and has been prepared by Beca on the specific instructions of Dunedin City Council. It is solely for Dunedin City Council’s use for the purpose for which it is intended in accordance with the agreed scope of work, and must be read in conjunction with, the assumptions, limitations and disclaimers set out below and elsewhere in the report. It should be read in its entirety, and no portion of it should be relied on without regard to the whole report and the methodologies and techniques adopted in its preparation as described in the report.

This report is to be read in conjunction with the Executive Summary, a separate document.

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This report encompasses only those matters expressly included in the scope of contract, Dunedin Waterfront Development, 7894.

Where Beca has been provided with information by Dunedin City Council staff, or where another party has supplied information to Beca on behalf of Dunedin City Council, we have not sought to independently verify such information unless expressly included in the scope. To the extent any of the information provided is inaccurate or incomplete, the opinions expressed by Beca in this report may no longer be valid and should be reviewed.

The contents of this report are based upon our understanding and interpretation of relevant current standards, guidelines, legislation, codes and policies, as consultants, and should not be construed as legal opinions or advice. Dunedin City Council should take its own legal advice on the legal effect and requirements of the standards, guidelines legislation, codes, policies, plans, rulings, determinations or common law. Unless otherwise agreed, this report will not be updated to take account of subsequent changes to any standards, guidelines, legislation, codes or policies, and it is Dunedin City Council’s responsibility to take independent legal advice on the requirements and legal effect of those matters insofar as they relate to the contents of this report.

Beca’s site observations, conducted on 4th July 2018 were limited to visual inspections of Fryatt Street Wharf, Wharf Street Wharf and Birch Street Wharf where safe and ready access existed at the time. Beca has not undertaken any intrusive observations or testing, and cannot guarantee that all possible relevant issues are identified within this report.

While Beca has used all reasonable skills of a professional consultant in providing this report, which may include opinions and recommendations, Beca does not guarantee or otherwise warrant any particular outcome as part of the Services, and any decision to proceed with the development is a commercial decision for Dunedin City Council.

This report is given on the following understandings and assumptions:

- The level of design is feasibility level only – significant further investigations and detailed design are required before it can be used for any other purpose.

- The engineering and environmental feasibility studies are based on desktop review of information, and do not include any physical investigations. The feasibility studies are subject to a number of assumptions included in the reports.

- The capital cost estimates are based on feasibility level design only, and more specifically focus on the revised architectural master plan. The capital cost estimates are subject to a number of limitations which are outlined in the capital cost estimate report.

- The commercial feasibility study is based on desktop review of information provided by the architect and assumptions are based on current market information available at the time, and Beca has not sought to independently verify any such information provided. The commercial feasibility study is subject to a number of limitations which are outlined in the commercial feasibility report.

- Identified benefits in terms of potential jobs and related economic assessments are preliminary and illustrative only.

While Beca believes that the use of the assumptions above are reasonable for the purposes of the report, Beca makes no assurances with respect to the accuracy of such assumptions and some may vary due to unforeseen circumstances. To the extent the conditions differ from those assumed in this report, the opinions expressed by Beca in this report may no longer be valid and should be reviewed.
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Confidentiality

Reasons for Confidentiality

Grounds: S48(1)(a) - The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.

Reason: S7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).
1 The Dunedin Waterfront Development

This business case is to be read in conjunction with the Executive Summary, November 2018.

1.1 Vision

Dunedin is positioned as one of the world’s great small cities1. It is home to almost 60% of Otago’s population, however economically it is not commanding that share of growth and investment.

It is a compelling destination – compact, a unique sense of self, and great quality of life. Relative to inward investment levels going into Queenstown, other South Island locations and within wider New Zealand, there is however significant untapped potential for Dunedin’s Waterfront and CDB.

The city has a very strong alliance of strategic partners and key stakeholders. The leadership of this group, strong community support, and confidence of the private sector in the future of the city has been a main driver of investment in the city – and provides a national exemplar of coordinated regional growth.

Not only is there great alignment, but there are substantial co-investment programmes underway from the city partners that includes;

- Dunedin City Council investment in $100M of public realm and access improvements to enhance the visitor experience and connect the tertiary precinct, central city, and connect the harbour via a pedestrian bridge as part of a wider
- University of Otago investment in $400M of facilities, including Sustainable Futures Initiative, dental school, performing arts, and other upgrades, as part of a wider $800M campus development programme.
- Otago Polytechnic investment in $60M of facilities, to improve student learning and attract international students.
- Southern District Health Board investment in a new $800M Hospital
- Port Otago investment to create a sustainable deep-water port for the future with supporting port infrastructure and channel dredging, as well as a secure operational area.

This investment builds on the momentum of a period of significant new capital expenditure building new assets such as the Forsyth Barr Stadium, redeveloping the Toitū Otago Settlers Museum and Town Hall/Dunedin Centre complex, and upgrading existing infrastructure assets such as the Tahuna Wastewater Treatment Plant and outfall, and water supply and stormwater networks.

This capital investment has increased levels of service and enhanced the liveability of the city. The expenditure was largely funded by borrowing and has increased the Council’s debt levels and resulted in high increases in overall rates during the periods of heaviest expenditure.

Following a sustained period of economic growth and investment in the brand and key assets such as the stadium - the region, city and partners are looking to the future – we want to have control of our destiny and create a sustainable productive economy for generations to come.

1 Dunedin Destination Plan, Enterprise Dunedin
1.2 Dunedin City’s CBD Strategy

Dunedin City Council is, working with its stakeholders, progressing initiatives to secure a prosperous and successful central business district.

These plans include recognition that strengthening walking and cycling linkages between the southern end of the CBD and the Steamer Basin would activate the Waterfront area and support positive business, community and cultural outcomes. The Council has committed $20m in its Long-Term Plan to enable a pedestrian and cycle bridge at this location.

Private sector interests have also responded, and the comprehensive concept described later in this report is a response seeking to transform this part of Dunedin. In doing so it acts to reinforce and support the strategic direction of the Council.

1.3 Transforming the Waterfront of Dunedin

The concept provided by AVB, outlined below, has formed the starting position for development of a long list that includes consideration of ability for staging of Master Plan elements over time.

Architect Van Brandenburg’s (AVB) Architectural Statement of the Waterfront vision

The overall vision is intended to maximize access and connectivity between the city and harbour, allowing for pedestrian and cycle access from the city CBD to the harbour and strengthening existing pedestrian
and cycle way networks (towards the peninsular and towards the university/stadium). It is envisioned that the built form is of a high performance and sustainably focused structures. The placement of the buildings within the vision creates a series of axial and visual connections between the buildings and the existing framework of the city. This is to allow pedestrians and cyclists to navigate and to subconsciously invite the user to explore the Steamer Basin further. In some instances, walkways and cycleways over low buildings such as Eco tourism centre and Ferry terminal allow public access of various elevated vantage points.

A series of steps into the harbour allow for the public to engage with the water in various states of the tidal cycle and to enhance access to the water.

Additional landscaping is a large component within the streets surrounding the Waterfront vision with avenue planting on Fryatt, Wharf, and Birch Street, providing shaded environments and wind breaks.

Tidal edges:

The edge between the water and the built promenade will have a series of steps into the water. As the tide rises and falls, the steps will fill and drain, creating an accessible edge to the waters height of the promenade is above the worst expected tidal rise based on the Otago University Research and adopted DCC forecast for 2090.

1) Frond bridge

One of the key accesses for pedestrian and cyclists into the harbour is via the frond bridge. This connects the city to the harbour, traversing both railway and road and links in with the existing cycle networks. The spanning bridge will be flanked with leaf like 'solar petals' either side of the bridge crossing. The fronds will be clad with PVC solar panels, the leaf petals will respond to the sun, rotating and tracking the sun’s path throughout the day to generate the maximum amount of solar energy that can be harnessed to light the bridge and power the venue spaces below the abutment. This will celebrate the crossing from the city to the harbour and provide the tone of expectation of environmentally conscious aspects of the built environment.

2) Sustainable Futures Initiative

The design of the Sustainable Futures Initiative is symbolic of a fluke of a Southern Right Whale breaching above the sea. This is a reminder that Southern Right Whales traditionally calved in the Dunedin Harbour, prior to European industrialisation. The Sustainable Futures Initiative is intended to be a centre for excellence in marine and environmental research providing access to the southern oceans. The skeletal form will have glazed panels between the portal ribs. It is intended that the northern side will have solar panels between the portal ribs and the southern side will have clear glazed windows.

3) Ecotourism centre

Conceptual design only provided.

4) Ferry Terminal

The wharf and ferry terminal are intended to be erected on piles. There is the possibility of the ferry terminal to be a floating structure to rise and fall with the tide. The overall structure would allow for access around and over the terminal.
The internal volumes have been designed based on requirements of existing and other ferry terminals operating in Australasia.

5) Bridge alignment

Conceptual design only provided.

6) Commercial offices

Conceptually inspired by a marine gull in flight the building wraps the corner of Wharf and Birch street with wings either side of a central circulation core the building provides commercial space for 3 floors above a ground floor podium (cafe/ hospitality space) and penthouse apartments.

The internal volumes have not been designed to a level past the master plan to allow for this to be developed in conjunction with a potential operator.

7) Waka Exhibition/ Cafe/ Offices/ Apartments

Conceptually inspired by the traditional vernacular double-hulled waka that were once sailed in Otago harbour, the building forms an exhibition centre is a linear stack of an exhibition centre/ cafe/ hospitality on the ground floor, 1F floor of commercial offices, 2F and 3F of apartments with roof garden terraces. The rooftop garden will be semi enclosed with a solar canopy providing passive solar and water collection to be used within the building for residents.

The internal volumes have not been designed to a level past the master plan to allow for this to be developed in conjunction with a potential operator.

8) Hotel

The hotel consists of two low rise buildings reducing the impact of solar shading. Situated on a currently reclaimed area of the Steamer Basin, the pair of buildings have been arranged around an area of land that is intended to be returned to the sea. A gesture similar to the first catch of traditional Maori fishing voyages, this creates a lagoon between the two hotel wings and water views from all rooms. The hotel is horizontally organised consisting of a ground floor of restaurants, café, and hotel amenities; the +1F floor to +4F floors consisting of hotel rooms, and the +5F floor would be an enclosed biosphere roof garden providing a flourishing green space all year round, this would be a breathing ecosystem that circulating fresh air into the rest of the hotel complex. All water collected from the glazed roof garden would be used to irrigate the biosphere internal garden.

9) Cultural Centre

The Culture centre is an abstract reference to the Otago cockles. The environmental design intent of the shells is to provide a large surface area to embed PVC panels onto the external surface creating a solar sync for passive solar gain. The Culture centre exterior shells will most likely be constructed from Glass Reinforced Polymer (GRP) or Glass Reinforced Concrete (GRC). This is lightweight construction to reduce the overall weight of the buildings. The buildings would, therefore, be a steel grid structure, lighter than concrete to reduce the dead load weight and necessary depth of piles. The exterior surface will have photovoltaic cells (uPVC) embedded into the facade to allow the full facade to act as a solar sync and generate electricity not only for the cultural centre but the buildings surrounding, streets, walkways surrounding the culture centre.
The internal glazed opening will act as a passive solar heating in winter and mechanically operated windows will allow for ventilation in summer. (As a gallery or museum this will be regulated).

The internal volumes are intended to house a collection of significant artworks and artefacts and potentially be operated in conjunction hotel. They have not been designed to a level past the master plan to allow for this to be developed in conjunction with a potential operator.

1.4 Destination of the South

The CBD strategy, and the Waterfront vision are all about creation of a destination of the south.

There is a strong connection the harbour, and the Southern Ocean. There is a growing events programme that includes international musicians, sports, and eco-tourism attractions.

There is a growing demand for cruise ship visits, and it is a key port on the southern circuit that includes Fiordland.
2 Strategic Case

2.1 Strategic Fit and the Need to Invest

2.1.1 Strategic Fit

The investment proposal is well aligned with central and local government goals and aspirations, and those of key stakeholders in Dunedin and wider Otago.

Central Government continues to commit significant investments into Dunedin, and policies supporting tourism, education and business development align well with outcomes that the Waterfront development will deliver.

Dunedin City Council has signalled through its planning documents and sizeable commitment to a pedestrian and cycle bridge that the Steamer Basin is a key location for investment. There is therefore strong alignment.

Otago Regional Council’s policies and rules anticipate development around the Steamer Basin.

Stakeholders Otago University, Port Otago and Ngai Tahu have development goals that the development can support.

The city has a very strong alliance of strategic partners and key stakeholders. The leadership of this group, strong community support, and confidence of the private sector in the future of the city has been a main driver of investment in the city – and provides a national exemplar of coordinated regional growth.

2.2 Dunedin City Council

The Dunedin City Council is comprised of the Mayor and fourteen Councillors.

The Dunedin City Council is responsible for the governance of, and setting the strategic direction for the city, and ensuring that the Council works towards meeting the community outcomes that it has set for itself through the Long Term Plan (LTP). To carry out these functions, Dunedin City employs about 680 staff.

2.2.1 Dunedin City Council Strategy

Eight strategies focus on long-term outcomes and Dunedin’s development.

- The Spatial Plan shapes the form of the city.
- The Economic Development Strategy sets out priorities for creating jobs, incomes and opportunities.
- The Social Wellbeing Strategy outlines how the DCC will foster inclusive communities and quality lifestyles.
- The 30-year Integrated Transport Strategy sets priorities for how the safe and efficient movement of people and goods will be supported.
- Ara Toi Otepoti Arts and Culture Strategy roadmaps strategic actions which support the creative sector in Dunedin and develop an environment which acknowledges the intrinsic value of the arts;
- Te Ao Tūroa, Dunedin’s Environment Strategy delineates Dunedin’s climate change impact plan and connects the communities with sustainable ecology & environmental actions; and
- The Parks and Recreation Strategy aims to develop the use of Dunedin’s open spaces, recreation facilities and parks to connect and value our spaces and promote more active communities.
The 3 Waters Strategic Direction Statement sets out how the DCC will ensure the city has safe, reliable and affordable water services.

2.2.1.1 Dunedin City Council Long Term Plan 2018 - 2028

The Council has an ambitious 10-year plan for investing in Dunedin. The long-term plan is to keep the city attractive and interesting and build on recent successes. Council’s ability to undertake these new investments is influenced by Council’s prior commitments which include the significant investment in the Forsyth Barr Stadium, and other major asset renewals and upgrades.

Major projects and initiatives included in the current 10-year plan are:

**Green Island Wastewater Treatment Plant upgrade** | $44 million – to improve the treatment process and allow the plant to take and treat more wastewater, including from Kaikorai Valley.

**Peninsula Connection** | $44 million – to widen and raise the road around Portobello to make it safer and more attractive as a major tourism link.

**Stormwater improvements in South Dunedin** | $35 million – to improve how stormwater is collected and moved around to help reduce the flooding in South Dunedin.

**Place-based community grants scheme** – spend $300,000 a year on this new scheme for the first three years of the plan.

**LED street lights** | $12 million – to upgrade the street lights to LED lighting across the city to save on both energy and maintenance costs.

**City cycleways** | $23 million – to connect cycleways with existing routes, such as SH1, the Peninsula Connection, SH88 and the proposed tunnels trail.

**Transport improvements** | $20 million – to make our roads and footpaths safer and more accessible, including intersection upgrades, road markings, kerbs and footpaths.

**The Waterfront Bridge Connection** – maximum of $20 million for the Architecture Van Brandenburg bridge from the city to Waterfront in the vicinity of the Steamer Basin.

The architectural bridge has been designed by Dunedin architects, Architecture Van Brandenburg, and forms part of a wider vision for the revitalising of the Waterfront. The bridge is envisaged as a catalyst to kick-starting the revitalisation of the area and importantly respond to the access severance issues that exist between the City Centre and the Waterfront.

The bridge is proposed in response to community feedback received since 2002, seeking improved access to the Waterfront and improved public amenity in this part of the central city.

Engagement was undertaken as part of the LTP 2018 – 2028 process. Feedback is that 82% support the development of a bridge to connect to the Waterfront (total = 1,446 respondents). Around 50% of those in favour supported the $20m architectural option; and 50% supported a $10m option.

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The Council has agreed for $20 million to be included in the draft Transport capital expenditure budget for the bridge connection. It is anticipated that around $5.5 million (25%) will be contributed by New Zealand Transport Agency (NZTA) subject to development of a satisfactory business case. If the proposal is approved, the budget provides for detailed design work and consultation in 2019 with physical work currently programmed to commence in 2020 and take three years.

Central city upgrade | $60 million – for substantial investment in the central city upgrade.

The Central City Public Realm upgrades will provide for very high or high-quality upgrade applied across the central city. The total estimated cost of this is around $60 million. The capital expenditure is allocated at around $7M per year from 2020 – 2028, with the remaining project costs relating to the development allocated to the 2018 – 2020 period.

This aligns with the ambitions of the adopted Central City Plan. It is designed to achieve a very high or high level of transformation to encourage private investment in redevelopment. Necessary central city infrastructure renewals projects would be completed.

Engagement was undertaken as part of the LTP 2018 – 2028 process. 70% voted for the ‘substantial upgrade $60m’; and 30% voted for the ‘moderate upgrade $35m’ (total = 1,417 respondents).

The timing of the Dunedin Hospital redevelopment is a major dependency and will be managed through Dunedin City Councils role on the Local Advisory Group for the Development.

Tertiary precinct upgrade | $20 million – for substantial investment in the tertiary precinct upgrade.

The Tertiary Precinct Development Plan is focussed on;

- Ensuring a co-ordinated approach to planning for the future of the tertiary sector and joint campus area, which maximises the benefits to the City and tertiary sector;
- Identifying future infrastructure needs of the tertiary sector and campus area, including timing and funding; and
- Adding value to the student experience in Dunedin and enhancing Dunedin as an education destination.

As part of the Development Plan, DCC is undertaking a Tertiary Precinct Improvement Project. This is focussed on streetscape amenity improvements across the tertiary area. It is designed to establish the area as a destination rather than a through route. It is centred on creating future-focused multi-purpose streets and an environment that enhances lifestyle as well as safety.

The current preferred option is a substantial investment of $20M over the period 2020 – 2024, with a moderate investment option of $11.3M included as part of the options analysis. These two options were supported by 69% of the respondents (total = 1,406).

Some of the projects will be debt funded, but this is also covered by a rate increase of 7.8% (an increase of around $3 per week for a typical residential ratepayer).

2.2.1.2 Dunedin City Holdings

Dunedin City Holdings Ltd (‘the Company’) is a Council Controlled Trading Organisation (CCTO), wholly owned by the Dunedin City Council. The principal activity of the Company is to provide leadership and oversight of its eight subsidiary and associated companies on behalf of the ultimate shareholder, the Dunedin City Council. The eight subsidiaries are;
Aurora Energy Limited (sixth largest electricity distributor receiving 1,400 GWh of electricity and distributing to around 90,000 homes and businesses)
City Forests Limited (owns 16,795 ha of forest land)
Dunedin City Treasury Limited (funding and financial services)
Delta Utility Services Limited (asset manager to Aurora Energy, and wider region)
Taieri Gorge Railway Limited (tourist and community-orientated train for charter and excursions)
Dunedin Stadium Property Limited (landlord and owner of Forsyth Barr Stadium)
Dunedin Venues Management Limited (event, turf and stadium and facilities management company)
Dunedin International Airport Limited (operates the Airport)

The revenue across the group is approximately $275M, with a NPBT of $30M.

Dunedin City Holdings has a significant interest in the development to support the promotion of the city as a national events destination, and the resulting increase in tourism supports the development plans for Dunedin Airport.

2.2.1.3 Dunedin Economic Development Strategy

The Strategy is built on five themes:

Table 1: Economic Development Strategy Themes

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<td>1</td>
<td>Better support for exporting</td>
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<td>Red carpet, not red tape</td>
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<td>Unlocking land and development opportunities</td>
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<td>Business development through procurement – this is to identify barriers for local small- and medium-size enterprises to participate in procurement opportunities.</td>
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<th>Alliances for innovation</th>
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<td>2</td>
<td>Grow innovative and internationally competitive industries and clusters in Dunedin via precincts, digital connectivity and partnering. This is focussed on health, education and ICT.</td>
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<td>Energy Strategy to accelerate the decarbonisation of the local economy and open up commercial opportunities for local business.</td>
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<td>3</td>
<td>Targeted talent attraction and retention</td>
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<td>Education and employment/self-employment pathways particularly for unemployed, youth unemployed, skilled migrants and partners, students and international students.</td>
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<th>Linkages beyond our borders</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Business and investment attraction for potential offshore investors and companies, business and R&amp;D investment opportunities in Dunedin.</td>
</tr>
<tr>
<td></td>
<td>Project Shanghai (Sister City) and China – targeted marketing to four key sectors (food and beverage, education, tourism and health and biotechnology)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>A compelling destination</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Marketing Dunedin through Enterprise Dunedin formed of DCC's Economic Development Unit (EDU), i-SITE and Tourism Dunedin.</td>
</tr>
</tbody>
</table>
International Education – ‘Study Dunedin’ works to promote the city as a compelling and quality destination for international students in partnership with local secondary schools, tertiaries and other EDS partners.

The Strategy recognises the impact that the ‘look and feel’ of Dunedin has on investment decisions and seeks to leverage and influence the tools at Council’s disposal to achieve good economic development outcomes.

2.3 Port Otago Limited

Port Otago Limited\(^3\) has ownership and operational interests in and around the Steamer Basin. Its Port Chalmers operation is a key transport node for the region with almost 500 ship calls per year, including 80 cruise vessels. It has a container throughput of 180,000 TEU’s and over 1.5M tonnes of bulk cargo. It employs over 300 employees and is a significant landholder in the Harbourside area of Dunedin. Total assets are $534M\(^4\) (2018).

From Port Chalmers to Dunedin the channel is dredged to handle vessels with a draught of 7.5 metres

Port Otago Limited, its subsidiaries and associates have a Statement of Corporate Intent (2018 – 2021) Relevant to the Steamer Basin and adjacent landside areas is their strategic direction to:

- Grow the investment property portfolio, evaluate and take up new investment and development opportunities to improve asset values, and rates of return. Sales of leasehold land will be considered where a sale advances development and employment opportunities in Dunedin”

The key strategic driver for Port Otago Limited within the Harbourside Area is to create a secure operational port area to meet PCBU requirements and provide a secure operational port area. This will create a single entry, secure area for logs and fuel and port operations to create a fully industrial port area - primarily from Victoria Wharf to LPG Wharf.

It is likely that there is a staged approach to the creation of the secured area including designations for future expansion.

\(^3\) https://www.portotago.co.nz/

\(^4\) Port Otago Limited Statement of Corporate Intent 2018 - 2021
2.4 Land Ownership in Steamer Basin

There are three key parties relating to land ownership in the Harbourside Precinct, and Steamer Basin Area.

2.4.1.1 Port Otago Limited

POL own marine infrastructure in the Steamer Basin area, refer Table 2.

Table 2: Operational Wharf

<table>
<thead>
<tr>
<th>Wharf</th>
<th>Length</th>
<th>Depth</th>
<th>Min UKC</th>
<th>Permissible Draft @CD</th>
<th>Approach Depth</th>
<th>Hdg</th>
<th>Ht (CD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birch St</td>
<td>310m</td>
<td>6.7m</td>
<td>0.3m</td>
<td>6.4m</td>
<td>4.5m</td>
<td>084/264</td>
<td>4.7m</td>
</tr>
<tr>
<td>Rattray*</td>
<td>397m</td>
<td>4.2m</td>
<td>0.3m</td>
<td>3.9m</td>
<td>4.5m</td>
<td>084/264</td>
<td>4.6m</td>
</tr>
</tbody>
</table>

Port Otago also own land around the Steamer Basin area, and also within the proposed secure area. Operational continuity is their key requirement, and this will mean that infrastructure and facilities will remain operational until a managed retreat from the Steamer Basin area is viable.

A potential managed retreat strategy is described in Table 3.

Table 3: Potential Managed Retreat Strategy for Steamer Basin Operational Assets

<table>
<thead>
<tr>
<th>#</th>
<th>Asset</th>
<th>Operational Requirements / Retreat Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fryatt Street Wharf</td>
<td>Shallow draft berthing facilities, including Monarch, and other small boats.</td>
</tr>
<tr>
<td>2</td>
<td>Fryatt Street Sheds</td>
<td>Remove and reinstate to decked / public realm area and open up Steamer Basin for public access</td>
</tr>
<tr>
<td>#</td>
<td>Asset</td>
<td>Operational Requirements / Retreat Strategy</td>
</tr>
<tr>
<td>----</td>
<td>-----------------------------</td>
<td>---------------------------------------------</td>
</tr>
<tr>
<td>3</td>
<td>G Shed</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Jade Building</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Kitchener Street Slipway</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Birch Street Wharf</td>
<td></td>
</tr>
</tbody>
</table>

2.4.1.2 Chalmers Properties

Chalmers Properties (Property Subsidiary of POL) is a significant landholder in this area.

Chalmers Properties Ltd (CPL) began trading in 1998. It is a 100% owned subsidiary of Port Otago Ltd whose 100% shareholder is Otago Regional Council.

Its core activity is commercial property investment. CPL manages its investment portfolio through active acquisition, property development and at times divestment to produce a diversified portfolio by property type and location. It focuses on achieving long-term value gain while limiting exposure to undeveloped land.

CPL’s investment portfolio is geographically spread with investments in industrial, office and bulk retail sectors across Auckland, Hamilton and Dunedin. Its Dunedin holdings comprise over 65ha of industrial ground leases around the Waterfront.

2.4.1.3 Industrial Precinct

CPL owns the Lessor’s interest in 115 perpetually renewable ground leases over a land area of 20.9ha. This area is referred to as the Industrial Precinct. The ground leases typically have 7 yearly rent reviews.

The Industrial Precinct is located just east of the CBD. The land is zoned industrial under the operative District Plan.

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https://chalmersproperties.co.nz/
2.4.1.4 Harbourside Precinct

CPL owns the Lessor’s interest in 31 perpetually renewable ground leases over a land area of 8.2ha. This area is referred to as the Harbour Precinct. The ground leases typically have 7 yearly rent reviews.

The Harbour Precinct is located just south of the CBD. The ground leases are contained within the area bound by Birch Street, Kitchener Street and Wharf Street.

Land in this area is split between the industrial and harbourside zones.
2.4.1.5 12 Wharf Street

12 Wharf St comprises a three-level office building with a unique location on the edge of the Otago Harbour basin, immediately adjacent to the surrounding wharf and harbour area.

Land Area 2,247 m²

NLA 1,055 m².

The property also has the added advantage of being located a short distance from the heart of the Dunedin CBD.

Purpose built in 1982 for the Otago Harbour Board, the building has 32 car parks along with ample on-street and Council provided car parking located within the immediate vicinity.

The property is occupied by a number of local and national companies (Ray White, Jade and others) including local creative companies such as high-flying video gaming company Rocketwerkz.

2.4.1.6 Kitchener St/Birch St Slipway

This slipway is capable of handling vessels of 500t displacement and is mainly used by fishing trawlers and tourist launches, as well as Port Otago floating plant.
2.4.1.7 Otago Regional Council

Otago Regional Council currently own the land at the point, including the Kitchener Street Slipway. (ORC is a 100% shareholder of POL).

POL have a perpetual right to occupy the Kitchener Street Slipway. This will need to be considered in the transactions.

2.5 Partner Strategies

2.5.1 University of Otago

The University of Otago is committed to addressing the multifaceted environmental transformations that challenge humanity and imperil the planet. It was the first New Zealand University to sign the international SDG Accord pursuing the United Nations’ Sustainable Development Goals and in November 2018 the University won the 2018 Australasian Green Gowns sustainable campus award for its emissions reductions and initiatives to reduce carbon footprint by a third by 2020. The University has outlined its social vision and institutional commitments through a set of key strategic documents - the Māori Strategic Framework, Pacific Strategic Framework, and Sustainability Strategic Framework. These emphasise the centrality of relationships with mana whenua and ngā iwi Māori, its commitment to working with Pacific communities, and its recognition of the fundamental importance of sustainability as a focus of research, education, and institutional practice.

The University has a strong record of interdisciplinary and multidisciplinary research collaborations within the institution that also connect externally with iwi, government agencies, NGOs, and other tertiary institutions in New Zealand and beyond. A number of existing Otago-based research groupings approach the question of sustainability from a range of angles, building a rich complex of expertise and research capacity. These include:

- Centre for Sustainability;
- SOMI (Southern Ocean Marine Institute), including the Ocean Acidification and Polar Environments Research Themes;
- Catchments Otago;
- Ag@Otago;
- Otago Energy Research Centre;
- New Zealand Centre for Sustainable Cities;
- Otago Global Health Institute; and
- OCCNET (Otago Climate Change Network).

The Sustainable Futures Initiative will build upon these excellent foundations to establish a communication, outreach and engagement programme designed to advance critical work to address the urgent environmental, economic, and social problems facing our local, regional, national and global communities. It will function as a meeting place that will engage multiple audiences including various scholarly groups, hapū and iwi, relevant bodies from municipal, regional and central government, other relevant external agencies, school groups and international visitors.

This is strong theme that could anchor a distinctive element of the development and connect to the physical environment. The Sustainable Futures Initiative could provide opportunities for:
Forums, discussions, lectures, workshops and symposia: it facilitates bringing ideas to the public square at the waterfront
Outreach for sustainability research from across the full range of disciplines: a platform for communication and engagement
An ideas and research incubator, bringing community leaders, policy makers, researchers, and educators together to tackle pressing issues
Berthing of marine research vessels and Southern Ocean expeditions
A venue for science communication, workshops and hands-on activities
Interactive displays and gallery space for University Collections (e.g., the Hocken Library), highlighting the transformation of the environment and cutting-edge research
Classroom (wet-work) and office space for key research groups

Becoming the voice for sustainability would be a differentiator to help create a distinctive Destination of the South. Building upon Dunedin’s rich intellectual history, its strong tradition in education, and its unique environment, this element of the redevelopment will help increase edutourism, eco-tourism, education and be a point of difference for attracting business conferences and symposiums. The site’s special location and particular history also provide unique opportunities to think about the significance of te ao Māori, to contemplate how to move beyond the legacies of our colonial past, to reimagine the connection between land and ocean, and generate new visions of the future that will help address the fundamental challenges posed by climate change, seal level rise, environmental degradation, and social inequality.

2.5.2 Ngai Tahu Iwi

Ngai Tahu Regional Development Strategy
Ngai Tahu is taking an active role in discussions surrounding Dunedin’s new hospital build and wider investment opportunities in the city. The continuing dialogue indicates that Ngai Tahu want to play a significant role in the cultural and financial future of Dunedin, including investment for suitable projects within the city.

In addition to this desire, there is strategic alignment as Papatipu Runaka are starting to build their own tribal economy. Te Runanga o Ngai Tahu, Kāti Huirapa Runaka ki Puketeraki and Te Runaka o Otakou wish to advance economic, cultural, social, and wellbeing goals within their on takiwa.

Otakou and Puketeraki Runaka are leading the way with local initiatives such as Aukaha and Te Kaika. Aukaha is a longstanding Runaka owned company that advances resource management and hapu development objectives on behalf of local Kai Tahu manawhenua. Te Kaika is a state of the art health hub which offers affordable health care for low income residents of South Dunedin (over 2,000 patients to date). Te Kaika was established by Otakou Hauora Ltd which has its partners: Arai Te Uru Whare Hauora, the University of Otago and Te Runaka o Otakou. These initiatives are an example of the local iwi commitment to regional development and reinforces the strength of their partnership with all other key stakeholders in the Dunedin Waterfront and the Otago Harbour.

Ngai Tahu are poised and ready to take an even greater role as a strategic partner and investor in the region under their new policy initiative Hae Te Awa. This is a realignment of the overall Tribal Runaka of Ngai Tahu strategy which includes a review of the tribal investment strategy to ensure it is aligned with achieving a regional footprint and giving effect to the expectations of iwi across Te Waipounamu.

Ótakou Runaka
Ótakou Runaka is near the end of Otago Peninsula, Dunedin. Traditionally, the Otago Harbour has been of significant importance as a food source for the Ótakou people and in particular, the cockle or tuaki as they are locally known.
Tuaki have been an important food source for Muaupoko (Otago Peninsula) Maori for generations. The whole area was once speckled with many kaik (villages) and Pukekura (Taiaroa Head) was an important fortified pa.

Ōtākou is ‘home’ to Waitaha, Rapuawai, Kati Hawea and Kati Mamoe; where in the early 19th century, Ngāi Tahu, Ngāi Māmoe and Waitaha had blended into a single tribal entity. Our tūpuna laid claim to the eastern coast of Otago stretching inland to Wakatipu and Piopiotahi (Milford Sound). The original settlement was centred on Pukekura, the fortified pa at Taiaroa Head, and the Otago Harbour. Ōtākou was the name of a channel running in the lower harbour and became applied to the entire region. Of significant importance is Ōtākou Marae, which was one of the places where the Treaty of Waitangi was signed in 1840. Those who signed were descended from ancestors of all three tribes.

Kāti Huirapa ki Puketeraki Runaka
The earliest people of this area, formerly known as Waikouaiti, were Rapuawai, Hawea, and Waitaha, followed by Kati Māmoe and more recently, Kai Tāhū. They had many settlements along the eastern Otago Coast, some of which endure to today as the kaika or villages of this area.

The takiwa of Kāti Huirapa ki Puketeraki centres on Karitane and extends from Waihemo to Purehurehu and includes an interest in Otepoti and the greater harbour of Ōtākou. The takiwa extends inland to the Main Divide sharing an interest in the lakes and mountains to Whakatipu-Waitai with Rūnanga in the South. On a seasonal basis their people traversed Otago and Murihiku, gathering food and other resources. Their shared interest in those inland areas continues to this day.

Relationship with the Harbour
The formation of the coastline of Te Wai Pounamu is referred to a tradition of Te Waka o Aoraki, which foundered on a submerged reef, leaving its occupants, Aoraki and his brothers, to turn to stone.

They are manifested now in the highest peaks in the Ka Tiritiri o Te Moana (the Southern Alps). However, it has been well recorded that the bays, inlets, estuaries and fiords which stud the coast are all the creations of Tu Te Rakiwhanoa, who took on the job of making the island suitable for human habitation.

The naming of various features along the coastline reflects the succession of explorers and iwi (tribes) who travelled around the coastline at various times. The first of these was Maui, who fished up the North Island, and is said to have circumnavigated Te Wai Pounamu. In some accounts the island is called Te Waka a Maui in recognition of his discovery of the new lands, with Rakiura (Stewart Island) being Te Puka a Maui (Maui’s anchor stone). A number of coastal place names are attributed to Maui, particularly on the southern coast.

The great explorer Rakaihautu travelled overland along the coast, identifying the key places and resources. He also left many place names on prominent coastal features. Another explorer, Tamatea, sailed along the Otago coast in the waka Takitimu. After the waka eventually broke its back off the coast of Murihiku, Tamatea and the survivors made their way overland back to the North Island, arriving at the coast by the place Tamatea named O-amaru (Oamaru).

Place names along the coast record Kai Tahu history and point to the landscape features which were significant to people for a range of reasons. For example, some of the most significant mahika kai rivers which enter the coastal waters of Otago include: Waitaki, Kakaunui, Waihemo (Shag), Waikouaiti, Kaikarae (Kaikorai), Tokomairiro, Mata-au (Clutha), Pounawea (Cattins). Mahika kai estuaries include: Waitete (Waitati), Otakou (Otago), Makahoe (Papanui Inlet), Murikauhaka (Mate-au and Koau estuaries), Tahaukupu (Tahakopa estuary), Waipatiki (Wapati Estuary). Islands where mahinga kai was gathered from in the coastal
area include Okaihe (St Michaels Island), Moturata (Taieri Island), Paparoa, Matoketoke, Hakinihini, and Aonui (Cooks Head).

Particular stretches of the coastline also have their own traditions. The tradition of the waka (canoe) Arai Te Uru and its sinking at the mouth of the Waihemo (Shag River) has led to the coastal area of Otago being known as Te Tai o Araiteuru (the coast of Arai Te Uru). Accounts of the foundering, the wreckage, and the survivors of this waka are marked by numerous landmarks almost for the length of the Otago coast. The boulders on Moeraki coast (Kai Hinaki) and the Moeraki pebbles are all associated with the cargo of gourds, kumara and taro seed which were spilled when the Arai Te Uru foundered.

For Kai Tahu, traditions such as these represent the links between the cosmological world of the gods and present generations. These histories reinforce tribal identity and solidarity, and continuity between generations, and document the events which shaped the environment of Te Wai Pounamu and Kai Tahu as an iwi.

Because of its attractiveness as a place to establish permanent settlements, including pā (fortified settlements), this coastal area was visited and occupied by Waitaha, Kati Mamoe and Kai Tahu in succession, who, through conflict and alliance, have merged in the whakapapa (genealogy) of Kai Tahu Whanui. Battle sites, urupa and landscape features bearing the names of tūpuna (ancestors) record this history. Prominent headlands, in particular, were favoured for their defensive qualities and became the headquarters for a succession of rangatira and their followers. Notable pā on the Otago coast include: Makotukutuku (Oamaru), Te Raka-a-hineatea (Moeraki), Te Pā Katata, Pā a Te Wera, (Huriawa Peninsula), Mapoutahi (Purakaunui), Pukekura (Tairua Head), Moturata (Taieri Island). The estuaries from the Waitaki River to the Chaslands also supported various hapū.

Tūpuna such as Waitai, Tukiauaau, Whaka-taka-newha, Rakilamo, Tarewai, Maru, Te Aparaki, Taoka, Moki II, Kapo, Te Wera, Tu Wiri Roa, Taikawa, Te Hautapanuiotu are among the many illustrious ancestors of Kati Mamoe and Kai Tahu lineage whose feats and memories are enshrined in the landscape, bays, tides and whakapapa of Otago.

One of the tūpuna stories about Te Wera from Huriawa near Karitane recounts the abundant supply of kai available from the Otakou area. Whilst Te Wera was under attack from his uncle Taoka in the 1700’s Taoka’s men stated “Me whakatiki koutou ki te kai.” The reply from Te Wera’s men was they would not die of a lack of food and would only die from a lack of water. This was because previous to the siege on Te Pa o Te Wera those inside managed to gather large amounts of moki, hapuka, kutai (mussels), pipi, seaweed, tuaki (cockles), paua, and maka to last them throughout this time and eventually win against Taoka’s men. (Hocken MS440/25)

The results of the struggles, alliances and marriages arising out of these migrations were the eventual emergence of a stable, organised and united series of hapū located at permanent or semi-permanent settlements along the coast, with an intricate network of mahika kai (food gathering) rights and networks that relied to a large extent on coastal resources. Chiefs such as Korako (several), Tahatu, Honekai, Ihutakuru, Karetai, Tairaoa, Potiki, Tuhawaiki, and Pokene being some among a number who had their own villages and fishing grounds. Otago Peninsula (Muaupoko) had many kainga nohoanga with a multitude of hapū occupying them. Otago Harbour provided such a plentiful supply of mahinga kai that at one time up to 12 kaika existed along the harbour edge, some larger and more important than others.

The whole of the Otago coastal area offered a bounty of mahika kai, including a range of kaimoana (sea food); sea fishing; eeling and harvest of other freshwater fish in lagoons and rivers; whale meat and seal pups; waterfowl, sea bird egg gathering and forest birds; and a variety of plant resources including harakeke (flax), fern and ti root. The Kai Tahu reliance on these coastal resources increased even further after the land sales of the 1840s and 1850s, and the associated loss of access to much traditional land-based mahika kai.
Many reefs along the coast are known by name and are customary fishing grounds, many sand banks, channels, currents and depths are also known for their kaimoana. One example is Poatiri (Mt Charles — Cape Saunders) the name of which refers to a fish hook. Poatiri juts out into the Pacific, close to the continental shelf, and is a very rich fishing ground. Another example is Blueskin Bay which was once a kohaka (breeding ground) for the right whale, although it is well over 150 years since it has seen this activity.

Other resources were also important in the coastal area. Paru (black mud used for dying) was obtained from some areas. Some of the permanent coastal settlements, such as those at the mouth of the Mata-au (Clutha River), and at Otakou and Purakaunui, were important pounamu manufacturing sites. Trading between these villages to the south and north via sea routes was an important part of the economy.

The Otago coast was also a major highway and trade route, particularly in areas where travel by land was difficult. Pounamu and tī were traded north with kumara, taro, waka, stone resources and carvings coming south. Travel by sea between settlements and hapu was common, with a variety of different forms of waka, including the southern waka unua (double-hulled canoe) and, post-contact, whale boats plying the waters continuously. Hence tauraka waka (landing places) occur up and down the coast in their hundreds and wherever a tauraka waka is located there is also likely to be a nohoaka (settlement), fishing ground, kaimoana resource, rimurapa (bull kelp — used to make the poha, in which tī were and still are preserved) with the sea trail linked to a land trail or mahika kai resource.

2.5.3 Otago Polytechnic Campus Development

Otago Polytechnic is one of New Zealand’s top performing polytechnics. It has maintained top sector ranking for qualification completions in 2016, according to educational performance indicators released by the Tertiary Education Commission in 2017 – a 91 per cent qualification completion rate.

The current student roll, across three campuses in Dunedin, Central Otago and Auckland, is around 5,125 F.T.E Students (out of 8,698 total students).

The Polytechnic employs around 730 Permanent and Fixed Term Staff, and provides 180 + Programmes, ranging from Certificates to Postgraduate.

Otago Polytechnic is undertaking a $60M development to modernise the Dunedin Campus. This also includes provision of new student accommodation facilities in Dunedin.

A strong Otago Polytechnic also benefits the wider region, with a recent $3M development for the Otago Secondary Tertiary College ( Trades Academy) and Accommodation at Bannockburn, Central Otago to support apprenticeships and in carpentry and automotive trades.
2.6 Problem Definition

Dunedin has been the key metro centre in the southern region for a generation and continues to provide an urban service and value add anchor to the surrounding regional economy. We are the Otago region’s economic powerhouse delivering over $5.7 billion or half of the total gross domestic product (GDP) per annum to the region6.

The key sector contributors to GDP are health care (10%); education (9.4%); construction (8%) and technology (7%)7. Now entering the 5th year of economic growth and historically cyclical variation is small – it is not a boom and bust economy.

However, Dunedin is consistently around 1.5% behind New Zealand growth, and Central Otago Regional growth has out-performed the city for a decade.

The key problems are:

- **Vocational Pathway for Talent**: Limited number / diversity of vocational pathways in the Region and Dunedin to attract and retain high value talent impacting on sustainable productive business.

- **Imbalance of Regional Growth**: Urban development in Queenstown and Central Otago is reliant on tourism activity creating imbalance of growth and pressure on infrastructure, accommodation and environmental limits.

- **Constrained Urban Form**: Limited sites of scale in the CBD, historic land use and physical isolation of Waterfront has led to constrained creation of a compact CBD and consolidated city.

- **Perceived barriers to investment**: Recent hotel developments and plan changes in the harbourside area in Dunedin have not been successful, a plan change to enable redevelopment was challenged. This has led to reduced external capital. The risk factors that are perceived barriers to entry are market demand, city image, connectivity, land tenure, scale of development consent risk.

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6 Dunedin City Profile, 2017, Infometrics

7 Dunedin City Profile, 2017, Infometrics
Vocational Pathway for Talent

Dunedin has an economic strategy centred on sustainable growth. It is centred on creating a community where enterprise and creativity support a productive and sustainable city. It identifies attracting and retention of talent through support and growth of small to medium enterprise (SME) businesses ($20M to $40M revenue) as a pathway to success. In simple terms:

- 2% growth in employment each year (roughly 10,000 extra jobs over 10 years)
- 2.5% rise in income per capita each year (an average of $10,000 per person)

Dunedin is well above the New Zealand average for quaternary sector employment (Knowledge Economy). It is leading the way regionally and nationally, but this is skewed by the high employment relating to the University. Growth of SME is constrained by attracting and retaining talent locally, and there is a need to invest to improve this economic indicator.

Each year, Dunedin attracts around 30,000 students. And each year, a third (almost 10,000) leave to other parts of the country and internationally for job opportunities.

Figure 6: Work - Dunedin at a Glance
Imbalance of Regional Growth

Regional growth imbalance has accelerated in recent years. Regional growth is 6% (influenced by Queenstown). Dunedin is around 2.5%.

Queenstown has over 3.3M visitors (35% international), and a ratepayer base of 24,000 – a ratio of 1:137. The resident population and visitor numbers are forecast to grow at around 2.5% year on year for the next 10 years. Tourism creates a total spend of over $2.8B, around $860 yield per visitor.

This is a significant reliance on domestic travel and international tourism, and leads to infrastructure pressure, and places a heavy burden on ratepayers under a traditional local government funding model. Queenstown Airport is currently operating at 2M pax/year, and the long-term plan is forecast to increase to 5M pax/year. Noise constraints on the expansion programme are a risk to this forecast, and development of Wanaka Airport is a consideration to mitigate this risk.

Comparatively, Dunedin has over 930,000 visitors (41% international) and a ratepayer base of 120,000 – a ratio of 1:8. Tourism creates a total spend of over $750M, around $800 yield per visitor.

The ratepayer base is more balanced and has enabled and supported traditional infrastructure development to allow growth.

There is a focus on how to better balance regional growth, supported by the current development of a Regional Economic Strategy through a partnership approach with Queenstown, Central Otago, Southland, and Dunedin.

Figure 7: Regional Imbalance Map
Constrained Urban Form

NPS-UDC directs local authorities to provide sufficient development capacity in their resource management plans, supported by infrastructure, to meet demand for housing and business space.

Development capacity refers to the amount of development allowed by zoning and regulations in plans that is supported by infrastructure. This development can be ‘outwards’ (on greenfield sites) and/or ‘upwards’ (by intensifying existing urban environments).

Sufficient development capacity is necessary for urban land and development markets to function efficiently to meet community needs. In well-functioning markets the supply of land, housing and business space matches demand at efficient (more affordable) prices.

Traditional urban development patterns in New Zealand are generally not efficient or effective and current attempts to develop or redevelop New Zealand urban areas in a sustainable manner are being frustrated by a number of barriers and implementation difficulties. Designing and implementing these developments can be complicated and difficult because of:

- difficulties assembling land where there is multiple fragmented ownership;
- lack of certainty and return on capital for private developers, especially where wider public objectives are desired;
- community resistance to higher densities; and
- limited tools and powers to do large scale urban development.

No single Crown agency has an active mandate to carry out urban development or to coordinate Crown inputs to urban development projects (despite significant investment in urban infrastructure), and this typically relies on a partnership model to progress developments to achieve these outcomes. This is a risk to achieving the compact urban form required to continue the sustainable growth of Dunedin.

There has been substantial progress under the current institutional design.

The planning environment is progressive (Dunedin City Council’s 2nd Generation District Plan). The plan generally constrains development in the outer green belt and supports infill development near the central city to retain the small, compact nature of the urban form. A strong and well thought out historical planning regime has retained a compact retail centre that has limited suburban malls and big-box retail developments and created a vibrant inner city feel.

This theme has continued with the establishment of city precincts (both a spatial plan and economic development strategy). These precincts are Cultural, Retail, Tertiary, Warehouse, South of Dunedin. The precincts are identified through the Central City Plan, which is responding to and creating new development opportunities.

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Figure 8: Compact Urban Form Map

Figure 9: Journey Mapping and Connectivity Map
Perceived Barriers to Investment

Dunedin has a strong brand - considered one of the strongest in New Zealand. There is an active economic strategy that targets national and international investors and leverages off two-way trade and investment opportunities (including for talent and education) between Dunedin and Shanghai (Sister City) and China.

Businesses interested in trading with China in four key sectors (food and beverage, education, tourism and health and biotechnology) formed part of a delegation to Shanghai in October 2013 and has resulted in ongoing business relationships.

The city is well connected to the region, with key port, airport, rail and road links providing effective freight, commuter and visitor movement to the city.

The Bluff to Dunedin road and rail corridor is the main economic enabler for the region supporting commuter travel to Dunedin in the north and Invercargill in the South. It is also a freight route supporting logging, milk, meat processing, fuel and stock movements along its length, connecting critical customers to Ports and markets via Port Otago.

Port Otago Limited is a key transport node for the region with almost 500 ship calls per year, including 80 cruise vessels. It has a container throughput of 180,000 TEU’s and over 1.5M tonnes of bulk cargo. It employs over 300 employees and is a significant landholder in the Harbourside area of Dunedin.

National interest in Dunedin is changing, however there is still a predominance of local investment in Dunedin. Local property developers are committed to the city, know the market well, and have achieved good scale in the City and surrounding Region.

There are hot-spots of development as historic and heritage buildings are restored, as has occurred in the Warehouse Precinct and South of Dunedin. These developments are supporting small businesses and start-ups/incubators and outstanding local cafes.

Hotel developments in recent years have been challenging, creating a perception of resource consent risk.

Harbourside development has also been challenging, with an earlier plan change reduced in size and geographical location to respond to reverse sensitivity concerns. This has been addressed in the current Regional Coastal Plan, and DCC 2nd Generation Plan.

These problems are outlined in Table 4: Dunedin Waterfront Development Problems and Benefits, with the potential benefits that could be achieved.

It broadly identifies some of the potential responses, organisational actions and changes (“soft” actions) and the types of assets that would help achieve the benefits (“bricks and mortar” assets).

Broadly this describes the benefits at a regional and metropolitan level and the assets that would support development of the Waterfront.

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9 Voted best destination brand by Fairfax Media in 2016
Figure 10: Invest - Dunedin at a Glance
Table 4: Dunedin Waterfront Development Problems and Benefits

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Responding to Problem</th>
<th>Response</th>
<th>Organisation Changes / Asset</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attract new synergistic industry and business to create sustainable growth and good communities KPI 1: Increase SME KPI 2: Increased retention and attraction of talent KPI 3: Increase in quality of life outcomes (recreation, art, culture)</td>
<td>Limited number / diversity of vocational pathways in the Region and Dunedin to attract and retain high value talent impacting on sustainable productive business growth</td>
<td>Support SME / Digital Connectivity</td>
<td>Integrated Transport Strategy and Network to unlock development</td>
</tr>
<tr>
<td>Attract external investment and capital to Dunedin to continue momentum and investment of regional and local business investment in the City KPI 1: Increase in number of events (business and leisure) KPI 2: Increase in investor confidence KPI 3: Increase visitor stay</td>
<td>Urban development reliant on tourism activity within the region creating imbalance on infrastructure, accommodation and environmental limits in high demand centres</td>
<td>Centre of Excellence for Southern Ocean Research / Sustainability</td>
<td>Define Marketing strategy to create “Destination of the South”</td>
</tr>
<tr>
<td>Enhance Dunedin as a harbour city, not just the inner harbour, unlocking the harbour connecting to the Waterfront KPI 1: Improved inner Harbour sustainability KPI 2: Increased public utilisation and recreation</td>
<td>Limited sites of scale in the CBD, historic land use and physical isolation of inner harbour has led to constrained creation of a compact CBD and consolidated city development and degradation of harbour environment</td>
<td>Develop industrial and primary sector value add</td>
<td>Define Eco- , Art or Cultural Tourism</td>
</tr>
<tr>
<td>Optimised land use development by sector across the city to provide a compact and sustainable CBD KPI 1: Connected and compact city KPI 2: Increase in value add assets primary, tourism, education, tech, manufacturing</td>
<td>Perceived barriers to investment in Dunedin lead to reduced external capital (e.g market demand, city image, connectivity, land tenure, scale of development consent risk)</td>
<td>Establish Dunedin niche for business events and</td>
<td>Reverse tourism and employment opportunity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Diversify type, location, growth and yield of tourism (Regional)</td>
<td>Inner Harbour Strategy to achieve environmental and sustainability outcomes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Connect the City to the harbour</td>
<td>Market Sounding and Briefing of Industry</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Connect the community to the harbour</td>
<td>Governance and company structure to unlock Urban Development</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Identify and protect our authentic cultural, knowledge and practices, for us and future generations</td>
<td>Anchor attraction (cultural events, eco-tourism, events centre)</td>
</tr>
</tbody>
</table>
### Benefits / Critical Success Factors

This section identifies the benefits that could be achieved at a regional and metropolitan level, and the specific measures relevant to the investment of public funds in the Waterfront. This have been discussed at project stakeholder workshops. The key performance indicators (KPIs) informed the scope for the long list options.

#### Table 5: Benefits and Critical Success Factors

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Key Performance Indicator</th>
<th>Weighting</th>
<th>Description</th>
<th>Example Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attract new synergistic industry and business to create sustainable growth and good communities</td>
<td>KPI 1: Increase in number of SME</td>
<td>5%</td>
<td>Focus on growing the number and scale of SME, particularly in key quaternary sectors – Education, Eco-Tourism, Bio- and Agri-Tech, ICT. This does not include construction induced benefits.</td>
<td>Attract 1 or 2 SME to Dunedin year on year.</td>
</tr>
<tr>
<td>&quot;Amazing people doing amazing things&quot;</td>
<td>KPI 2: Increased retention and attraction of talent</td>
<td>5%</td>
<td>Ability of an option to increase the number of vocational pathways in key quaternary sectors – Education, Eco-Tourism, Bio- and Agri-Tech, ICT. Better Digital and person to person connectivity.</td>
<td>Increased retention of 1% of talent year on year, equivalent to 100 new jobs.</td>
</tr>
<tr>
<td>Attract external investment and capital to Dunedin to continue momentum and investment of regional and local business investment in the City</td>
<td>KPI 1: Increase in number of events (business and leisure)</td>
<td>10%</td>
<td>Increase in business events increases tourism yield, average stay, and domestic spend</td>
<td>5% increase in tourism spend ($38M per annum)</td>
</tr>
<tr>
<td>&quot;A great small city, with global connections&quot;</td>
<td>KPI 2: Increase in investor confidence</td>
<td>10%</td>
<td>Responds to need to have a wider and more diversified market with national or international investment, and changes to traditional land tenure models.</td>
<td>Introduction of 1 or 2 national investors of scale to local market</td>
</tr>
<tr>
<td>Enhance Dunedin as a harbour city, not just the Waterfront, unlocking the harbour connecting to the Waterfront, &quot;Our harbour is our heritage and our future&quot;</td>
<td>KPI 1: Improved Waterfront sustainability</td>
<td>10%</td>
<td>People connecting with the harbour heritage and physical location will provide an improved overall sense of ownership of the inner harbour and better environmental stewardship, including resilience and sustainability design concepts that address current and future city needs, increasing sustainability awareness and engagement.</td>
<td>Increased engagement on ocean and harbour sustainability.</td>
</tr>
<tr>
<td></td>
<td>KPI 2: Increased public access</td>
<td>20%</td>
<td>Better connections and access to the water, including the increase positive benefits from activity (cycling, walking, running, fishing, rowing, etc.). This considers how well an option aligns with DCC’s walking and cycling strategy goals</td>
<td>Pedestrian and Cycle Survey Quality of Life Survey / Harbour Users Group Survey</td>
</tr>
<tr>
<td>Optimised land use development by sector across the city to provide a compact and sustainable CBD</td>
<td>KPI 1: Connected and compact city</td>
<td>20%</td>
<td>How well an option aligns with and reinforces a compact urban form supported by Dunedin City Council spatial planning outcomes. Includes ability to enable improvements in current growth pattern of urban form (including addressing SH1 and Rail severance and development potential issues) This includes consolidation of industrial land towards the Port, and re-zoning of land around the harbour area, and trigger points for the regulatory plan to continue to expand (halo effect).</td>
<td>4 hectares land use change from industrial to mixed use residential and commercial and public realm</td>
</tr>
<tr>
<td>Benefit</td>
<td>Key Performance Indicator</td>
<td>Weighting</td>
<td>Description</td>
<td>Example Measure</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>--------------------------------------------</td>
<td>-----------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>&quot;Localised economic density supporting wider regional growth&quot;</td>
<td>KPI 2: Increase in value add assets primary,</td>
<td>20%</td>
<td>Improved operational efficiency of the port for primary sector access to markets through better configuration of Waterfront port land and ability to refocus capital expenditure into fit for purpose locations north of the Steamer Basin.</td>
<td>Increase in secondary sector asset value through land use change ($5 - 10million).</td>
</tr>
<tr>
<td></td>
<td>tourism, education, tech, manufacturing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>100%</td>
<td>Ability of options / investments to support the clusters and precinct model to provide momentum for niche manufacturing and seafood. Eco-Tourism benefits from location and transport node connections.</td>
<td></td>
</tr>
</tbody>
</table>
2.7 Scope and High-Level Requirements Informing Options Development

2.7.1 Response / Solution

The potential scope and high-level requirements will need to implement both physical, economic and activation strategies to achieve the outcomes sought.

- A physical strategy to:
  - Connect the City to the Harbour
  - Connect the community to the harbour
  - An attractor near the water edge that activates the area
  - A sheltered and accessible public realm along the harbour edge for people
  - Clusters/precincts to increase collaboration and build critical mass
  - Integrate the transport network for new clusters/precincts

- An economic intervention strategy to change the:
  - Economic geography across the region (Destination of the South)
  - Economic geography in the city (optimise land use)
  - Economic density (clusters and precincts for SME collaboration)
  - Economic yield (Diversify type, location, growth and yield of tourism and primary and secondary sector value add)
  - Employment density (more people working in the area)
  - Residential density (more people living in the area)

- An activation strategy to
  - Connect to the city, region and world - real and digital connectivity
  - Create momentum in Southern Ocean research
  - Achieve environmental and sustainable outcomes through engagement with the Waterfront
  - Promote eco-tourism and authentic experiences (art, culture, heritage, tikanga)
  - Accelerate reverse-tourism and employment from other parts of the region
  - Create a ‘niche’ for businesses, particularly in education, eco-tourism, bio-tech, ICT, art and cultural

- A delivery model and structure to:
  - Achieve the vision of the Dunedin Waterfront
  - Deliver on community outcomes
  - Identify and protect our authentic cultural, knowledge and practices, for us and future generations
  - Manage project funding in accordance with public expectation
  - Attract local, regional, national and international investment
2.8 Potential Benefits

2.8.1 Economic Benefits to Region

Addressing urban development goals of Dunedin City Council to connect the Waterfront to the CBD plays an important role in supporting the delivery of Regional growth strategies\(^\text{10}\).  

- Stronger performance of major metropolitan centre promotes regional growth  
- Better resilience to cyclical economic down-turns (e.g. international tourism) across the region  
- Position Dunedin as ‘Gateway to the South’ through enabling through land consolidation and redevelopment of a modern, fit for purpose, secure operational area for the Port. This is focussed on operational areas at the main transport nodes adjacent to the CBD.  
- International and National recognition as Destination of the South, through connection to the Southern Ocean and leadership in sustainability by University of Otago and their partners.  
- Strengthens productive high-value education and knowledge economy  
- Reduced infrastructure pressure through reverse-tourism  
- Increased international and national investment in New Zealand diversifies risk

2.8.2 Economic Benefits to Local Government

- Increased government revenues and subsidiary company value (rates, capitalisation through land amalgamation)  
- Appreciating property values to ‘highest and best use’ values above those currently existing around the Waterfront  
- Reduced pressure on long distance commuter transport infrastructure through development of compact urban form  
- Increased local employment  
- Increase in forecast population growth  
- Resilience to climate change  
- Local area economic growth through halo effect

2.8.3 Economic Benefits to Central Government

- Demonstration of local government leadership and partnering to achieve national objectives  
- Rebalancing of the regional economy  
- Increased regional resilience to external market shocks, such as international or domestic tourism  
- Improved connectivity of Dunedin and the region to national and international markets  
- Increased international recognition in high priority policy areas, such as Carbon Zero, Sustainability, Digital Connectivity, Tertiary Education and Research  
- Leadership and Step Change in Business Confidence through Regional Investment  
- Aligned with Regional Growth Fiscal Policy (investment in businesses, job creation, productive assets)

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\(^{10}\) Productivity Commission, Using Land for Housing, 2015
2.9 Strategic Risks

Limited Funding Options

Council’s Long-Term Plan 2018-2028 and rates increase of around 7%, combined with regional rates increases has put pressure on the ability for Local Government to increase revenues. Debt funding is limited and allocated to the delivery of the Long-Term Plan, rather than urban development.

Mitigation: Identify other funding sources, including Provincial Growth Fund.

Unsuitable Delivery Model

A highly aligned group of stakeholders and city partners provides confidence in achieving a good delivery model. Delivery models will need to consider a range of options to identify the right model. The preferred delivery model should facilitate positive change in urban environments, particularly where a partnership approach is required to address urban decay and redevelopment challenges.

Mitigation: Identify, review and select types of delivery models early, and test with stakeholders.

Land Amalgamation

Many regeneration projects suffer from a lack of control of the key land parcels, leading to a protracted time frame to commence development, and typically a premium (20% or more) for acquisition costs. The appetite to trigger compulsory acquisition legislation and instruments is typically low for local and central government unless related to critical infrastructure. The proposed change in the urban form into the harbour area is greatly assisted by a relatively simple ownership structure, with three of the key partners – DCC, ORC and POL. Operational port areas may take longer to enter market than forecast.

Mitigation: § 9(2)(b)(ii)

Private Sector reluctance to Invest

Private sector investment in Dunedin is locally driven, and incentives have been focussed on adaptive re-use of existing building stock. This is predominantly small to medium scale developments. The physical strategy proposed for the Waterfront requires a developer with good relationships and experience working with government agencies and a desire to achieve community outcomes. The scale and size of the development may affect development appetite.

Mitigation: Market engagement with local, national and international developers

Optimism Bias creates Activation Challenges

There is a desire to achieve a step-change in the amenity and use of the harbour. The vision can be a ‘catalyst’ and attract trophy investors / national developers. However, there is a risk of developing quickly and creating a sterile / unused public realm area.

Mitigation: Consider sequence options and development

Sequence Interruption of Economic Development

Investment in regional assets, such as the Stadium, and the ongoing University development have commenced a cycle of investment, and continuation of this momentum is important to achieve the scale
required to cement Dunedin as one of the world’s great small cities. Examples of sequence interruption are visible in Christchurch, where delayed anchor projects and residential developments in the central city are having an impact on the sustainability of economic performance.

**Mitigation:** Continued investment from partners and private sector

**Perceived Natural Hazard Risk**

Large areas of south Dunedin are at risk in the future from sea level rise, and there is an ongoing programme to address this risk. There is a risk that a Waterfront development may be perceived to be adding to this problem rather than providing a solution to it.

**Mitigation:** Communicate the approach to development, including design requirements for building above year 2100 IPCC 5th Edition forecast sea levels.

**Regional Political Considerations**

There is a risk that investment in a large metropolitan centre may detract from funding for other regional centres, such as Queenstown, Invercargill, Oamaru, Cromwell, or the surrounding regions and national parks.

**Mitigation:** Regional Economic Development Strategy to identify priority areas for investment and funding streams

**Changes to Capital Gains Tax**

There is a risk that changes to tax law relating to capital gains may increase uncertainty and impact on the ability to attract a master or individual developer to deliver the project.

**Mitigation:** Monitor Capital Gains Tax working group recommendations and outcomes.

**Market Demand impacts on Development Viability**

Market returns for commercial development are challenging for new development, particularly large-scale developments. § 9(2)(b)(ii) This has a greater impact on SME.

**Mitigation:** Regulatory tools to constrain development and improve market conditions, as well as a point of difference to create a premium market rental return.
2.10 Constraints

2.10.1 Regulatory

Harbourside Edge Transition Overlay Zone
Under the proposed 2nd Generation Plan, the Harbourside Edge Transition Overlay Zone provisions mean that the Harbourside Edge provisions will apply in full only when 70% of the Harbourside Edge Zone is built and occupied (except for the Slipway Operational Area). This will constrain development to the Waterfront and restrict the ‘Halo Effect’ which is often required to achieve critical mass. However, the plan does allow for some discretion for this rule.

Mitigation: Monitor and Liaison with Developers in Harbourside Edge Transition Zone. Dunedin City Council to consider whether a District Plan change may be warranted.

Regional and District Plan Consent

The coastal marine area (CMA) has been divided to include different management areas, each with different associated values, the provision of which are either to be prioritised or had regard to. Key values which may be adversely affected by the Harbourfront Project include public amenity, historic heritage, fishing, commercial port facilities, recreational facilities, natural coastal processes, water quality, coastal ecosystems and cultural values. Many of these values appear in Sections 6 – 8 of the Resource Management Act 1991 (the Act) and effects on them will need to be investigated prior to the submission of resource consent applications to determine if changes need to be made.

The current Birch Street and Fryatt Street Wharves within Dunedin Harbourside straddle mean high water springs, falling under the jurisdiction of both the Otago Regional Council and the Dunedin City Council. The rules require coordination with the Dunedin City Council in the management of the area and promotes that joint hearings, where appropriate, are held with the District Council for resource consents involving:

(a) Reclamations of the coastal marine area; or

(b) Structures having a connection to the shoreline and which have a need for land-based facilities requiring a consent from the relevant district or city council; or

(c) Activities within the coastal marine area which require land-based facilities.

Separation of resource consent applications for reclamation from the resource consent applications for the arts and cultural centre building is not supported by the Plan, as an assessment of the uses to which the area is going to be put needs to be undertaken in relation to proposed reclamation;

For structures located within the CMA, the Plan requires a consideration of whether or not a coastal location is required, and to any other available practicable alternatives. This will be relevant to the arts and cultural centre if it is to be located in the CMA, or whether it is more appropriately located on land.

The likely applications required would include:

- Regional Consent for replacement of Birch and Fryatt Street wharves that accords with the Steamer Basin Structure Plan – Restricted Discretionary Activity Consent;

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11 Regulatory advice based on various technical planning memorandums, 4Sight Consultants
Regional Consent for structures outside of Steamer Basin Structure Plan but located within main development area of the Steamer Basin – Discretionary Activity Consent;

Combined Regional and District Consents for structures outside of Steamer Basin Structure Plan and located outside of the Steamer Basin – Discretionary Activity Consent;

Combined Regional and District Consents for buildings overlaying Birch and Fryatt Street wharves.

Mitigation: Early engagement with ORC and DCC to confirm consenting strategy, including:

- Restricted Discretionary Activity resource consent for replacement of the Birch and Fryatt Street wharves that accords with the Steamer Basin Structure Plan under Schedule 9 of the Regional Coastal Plan;
- Discretionary Activity resource consent for wharf structures located outside of the Steamer Basin Structure Plan under Schedule 9 of the Regional Coastal Plan;
- Imbed Ngai Tahu iwi, runaka, and cultural understanding into the development vision through early, ongoing and meaningful engagement and interaction.

2.10.2 Physical

The key physical constraints are:

- Location of SH1, Heavy Freight Bypass and Rail
- Roading Infrastructure
- 3 Waters Infrastructure
- Jetty Street Overbridge
- Land Ownership
  - Licence to Occupy
  - Reserve Titles

2.11 Dependencies

Connectivity Issues Unresolved

The SH1 and rail network provide challenges to the cities compact urban form, and development in some areas is constrained by the transport network within the city centre. Key connections and new routes, the introduction of new nodes (e.g. Hospital), changes in freight traffic over the long term, and the main transport infrastructure at Jetty Street are all challenges.

Mitigation: s 9(2)(b)(ii)

Consider a joint reporting arrangement to promote alignment on decision making for these processes.

Operational Solutions for Managed Retreat Delayed or Not Viable

s 9(2)(b)(ii)

Some of the solutions require multiple parties and regional solutions to progress. This may impact on time frames, and also create reverse sensitivities with part of the proposed development if the time delays are considerable.
3  The Economic Case

3.1 Critical Success Factors
The critical success factors to identify the preferred way forward and business case options are;

- Ability to achieve the physical strategy:
  - Provide connections, activation, and public realm improvements to the harbour edge for people
  - Create clusters and precincts to build critical mass

- Ability to achieve the economic intervention strategies:
  - Balancing the regional economy and improved yield and density through clusters and precincts
  - More people working in the area and living in the area

- Ability to achieve an activation strategy;
  - Person to person, authentic and digital connectivity
  - Focussed on growth niche industries (eco-tourism, sustainability, bio-tech, ICT, education, etc)
  - Design that responds to the geography of the Dunedin CBD and Steamer Basin for walking, cycle and vehicle movement

- Able to be delivered;
  - A single entity responsible for the vision, community outcomes and social, cultural environmental benefits
  - Commercially realistic assumptions

- Catalyse Development
  - Ability to catalyse development and improve the ratio of public sector investment to private sector investment. In simple terms, the private sector spend achieved for every $1 of public sector investment. This is a simplified indicator of value for money.

- Time
  - The qualitative impact of time on the forecast economic benefits. For example, longer timeframes of implementation will delay the expected outcomes.

- Risk
  - The ability to diversify commercial risk across public and private sector, including land development, building development.

3.2 Long List Options

3.2.1 Site Evaluation
The considerations in relation to each of the site configuration options are;

- Ability to amalgamate land, i.e. limited ownerships to achieve the scale required
- Ability to accommodate development infrastructure demands (connect to existing infrastructure without incurring significant costs)
- Land development costs
- Connectivity to CBD
- Connectivity to City Anchors (Stadium, Hospital, Octagon, Otago Polytechnic, Museum and Art Facilities)
- Connection to the Harbour and Peninsula
- Retain compact urban form

There are limited locations that satisfy all of these requirements.

Options considered included;

**Option 1: Northern Expansion**

This would extend the CBD further north and require significant land use change with multiple landowners from residential housing dominated by student rentals (walking distance to University) to commercial use. This would create a long, transport dominated central city area. This does not achieve the connection to the harbour.

**Option 2: Southern Expansion**

This would extend the CBD further south, beyond the Cultural Precinct, and require significant land use change with multiple landowners from industrial and transport orientated bulk retail to commercial use. This would create a long, transport dominated central city area. This does not achieve the connection to the harbour.

**Option 3: Eastern Expansion – Steamer Basin**

This would extend the CBD towards the harbour, connect to the Waterfront and provides a logical development footprint. There are three key landholders, who are all committed to development of the Waterfront. The demands are likely to be accommodated with the current infrastructure. Transport connections require significant investment to connect to the city and cross the rail and SH routes. This option is aligned with the DCC long term strategy.

**Option 4: Western**

This is limited by the topography and the western green belt walkways and connections. It would require land use change from the existing predominately education (Otago Boys High School, St Hilda, etc) and residential to commercial land use. Walking and cycling is difficult with the very steep topography.

**Option 5: Increased Density**

Preferred Option – Steamer Basin

The preferred location for the development is Steamer Basin. Once transport network issues are resolved, and access from the CBD is provided, this is most likely to achieve all of the site considerations.

Re-establishing convenient and attractive walking and cycling access to the Steamer Basin from the CBD has been a Dunedin City Council strategy for over a decade. This is primarily to increase the Waterfront’s attractiveness as a location for public and private sector investment and activate much of the southern portion of Dunedin’s CBD.
Within the Steamer Basin area there are a range of options to contribute to the physical, economic, activation strategies. A ‘business as usual’ option is included as a reference point to provide an indication of the benefits that might be achieved without public investment.

The physical design aspects of this business case have started with a private sector championed vision for a large scale, transformational development provided by Architects Van Brandenburg and brought to life by Animation Research Limited.

There are other activation strategies and investment options that were considered.

Importantly the options all provide flexibility to accommodate the architects vision but provide different investment profiles to achieve this (big bang versus sequenced).

These have varying degrees of investment and corresponding benefits that can be achieved.

In developing the physical layout options, consideration has been given to:

- The scale of the development
- The level of infrastructure investment to support the development
- The level of public realm investment to support the development
- The location of the building platforms
- The ability to sequence the infrastructure investment as land is amalgamated and operational areas are relocated
- The ability to provide activity in developed area
- The outcomes of the commercial feasibility
- The requirements of the engineering and environmental feasibility studies

There are common elements to each of these which is reflected in the investment profiles identified.

To deliver any of the site configuration options the evaluation indicates that public sector funding is likely needed to remove currently perceived barriers to private sector investment.

### 3.2.2 Delivery Long List Options

These delivery arrangement options considered are:

- Business as usual
- Incentivise Development and Support Small to Medium Enterprises
- Facilitate Development
- Enable Development
- Public Entity Led
- Transformational

There are a range of options to achieve the physical, economic, activation strategies.
### Option 1: Business as Usual

**Description**
- Rezoning in the 2nd Generation Plan to enable development of the harbour edge and industrial area.
- Supporting and invest in a Business Improvement District (BID) policy or expand Business Association area.
- Expand area of Central City Grants, which are available for:
  - Earthquake strengthening and other upgrade requirements
  - Façade improvements such as painting, restoration and up-lighting
  - Initiatives which would lead to the re-use of buildings, for example
  - Support to start-up or expanding businesses (e.g. fit-outs, digital infrastructure etc)
- Support to creative sector activities wanting to move into or maintain their activities in the area (e.g. fire rating or sound proofing studios)

**Timeframe to Achieve Outcomes**
- 20 – 30 years

**GFA development rate of 2,500 m²/year, and current available commercial GFA in Dunedin of 50,000 m² (Infill, Increased Density, Warehouse, Cultural and South of Dunedin Precincts)**

**Rough Order of Costs**
- Nil

**Comments**
- Status quo

### Option 2: Incentivise Development and Support SME

**Description**
- Incentivise commercial or industrial development to accelerate the change to the economic geography (optimise land use) and change the employment density more people working in the area) through waiver and/or reserve development contributions §9(2)(b)(ii)
- Incentivise residential development to change the residential density (more people living in the area).
- Support established / niche SME through ‘Start Up’ Policy and Centre of Digital Excellence

**Timeframe to Achieve Outcomes**
- 10 – 20 years

**Based on a GFA development rate of 2,500 m²/year, and current available commercial GFA in Warehouse Precinct of 25,000 m² (70% developed prior to harbourside development commencing).**

**Rough Order of Costs**
- § 9(2)(b)(ii)

**Comments**
- Assumes that incentives will adjust the order of development sequence across the city, and development will focus on harbourside area once 70% of the existing precinct development has occurred. This may result in development in the harbourside area occurring faster than a business as usual option.
<table>
<thead>
<tr>
<th>Option 3</th>
<th>Facilitate Development</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
<td>Continue with Business as usual regulatory and council initiatives, with incentivised development and SME support. (s 9(2)(b)(i)). Master planning and consenting of development to de-risk development for private sector to lead development. (s 9(2)(b)(ii)).</td>
</tr>
<tr>
<td><strong>Timeframe to Achieve Outcomes</strong></td>
<td>10 – 20 years</td>
</tr>
<tr>
<td></td>
<td>Likely to progress at same rate as Option 2.</td>
</tr>
<tr>
<td><strong>Rough Order of Costs</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Comments</strong></td>
<td>Master planning and consenting development is likely to reduce a key perceived barrier to investment risk, but does not improve market conditions and demand risk.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Option 4</th>
<th>Enable Development</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
<td>Continue with Business as usual regulatory and council initiatives, with incentivised development and SME support. (s 9(2)(b)(i)). Master planning and consenting of development to de-risk development for private sector to lead development (included below). Create building platform and amalgamate land for development, including funding of public realm and transport networks to enable development from private sector via a development agreement approach. (s 9(2)(b)(ii)). Include Neighbourhood or Metropolitan scale attraction (playground / art / recreational activity) to activate the area (included in Public Realm cost above).</td>
</tr>
<tr>
<td><strong>Timeframe to Achieve Outcomes</strong></td>
<td>10 – 15 years</td>
</tr>
<tr>
<td><strong>Rough Order of Costs</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Comments</strong></td>
<td>Holistic approach (90% bricks and mortar / 10% fiscal policy) that addresses development costs (land amalgamation and building platform), development risks (pre-consented master plan, connectivity, amenity and anchor attractions) and supports productivity (SME support). Diversified risk profile with opportunity to spread risk and allocate to the right parties.</td>
</tr>
</tbody>
</table>
### Option 5  
**Public Entity Led**

**Description**
- Continue with Business as usual regulatory and council initiatives, with incentivised development and SME support.  
- Master planning and consenting of development to de-risk development for private sector to lead development (included below).  
- Create building platform and land for development, including funding of public realm and transport networks to enable development from private sector via a development agreement approach.  
- DCC or other party build, own and operate 1 to 2 Anchor Buildings. It is proposed that these would be the Sustainable Futures Initiative building, and one of the smaller Cockle Shells for the purposes of a Cultural Centre (or other use).

| Timeframe to Achieve Outcomes | 5 – 15 years |

| Rough Order of Costs | $9(2)(b)(i) |

**Comments**
- Holistic approach (95% bricks and mortar / 5% fiscal policy) that addresses development costs, risks and supports productivity. Increased confidence to private sector that development will occur with anchor building. Increase in public sector operational and capital cost risk (depending on development model). Diversified risk profile with opportunity to spread risk and allocate to the right parties.

### Option 6  
**Transformational**

**Description**
- Continue with Business as usual regulatory and council initiatives, with incentivised development and SME support.  
- Lead Developer responsible for overall development, including land amalgamation, building platform, development of buildings, tenanting, operations, ongoing property management etc.  
- DCC or other Public Entity build, own and operate all Buildings ($750 - $850M)

| Timeframe to Achieve Outcomes | 5 – 15 years |

| Rough Order of Costs | $9(2)(b)(i) |

**Comments**
- Lead developer role undertaken by Public Sector entity. Significant increase in risk exposure outside of normal business. Requires fundamental shift in operating focus, and specialist resourcing to deliver requirements. Single entity exposed to single development risk and significant market risk with no wider portfolio to diversify risk.
### Table 6: Comparison of Delivery Options

<table>
<thead>
<tr>
<th>Option #</th>
<th>Type</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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<td>Do Nothing</td>
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<td>Do Minimum</td>
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<td>Facilitate</td>
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<tr>
<td></td>
<td>Connects activates public realm at harbour</td>
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<td>2</td>
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<tr>
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<td>Create clusters and precincts</td>
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<td></td>
<td>Regulatory tools assist precinct development</td>
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<tr>
<td></td>
<td>Master plan supports physical strategy, but funding reliant on private sector</td>
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<td>2</td>
<td>3</td>
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<tr>
<td></td>
<td>Enables physical strategy to be enacted, but reduces level of reliance on the private sector</td>
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<td>2</td>
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<td>Balancing the regional economy</td>
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<tr>
<td></td>
<td>People working in the area and living in the area</td>
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<td></td>
<td>Natural regional balance achieved through private sector investment and strategic alignment</td>
<td>0</td>
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<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
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<tr>
<td></td>
<td>Natural regional balance achieved through private sector investment and strategic alignment</td>
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<td>3</td>
<td>4</td>
<td>5</td>
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<tr>
<td></td>
<td>With the right development partner achieves destination of the south, and improves economic yield</td>
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<td>2</td>
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<tr>
<td></td>
<td>Creates a destination of the south, and improves economic yield</td>
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<td>Activation</td>
<td>Person to person, authentic / digital connectivity</td>
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<td>Grow niche industries</td>
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<tr>
<td></td>
<td>Minor benefits in delivery of digital fit-out. Reliant on economic strategy only</td>
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<td>2</td>
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<td></td>
<td>Incentives and supports growth in niche industries</td>
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<td></td>
<td>Master plan approach allows for clusters and leads to better collaboration and growth in niche industry</td>
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<td>Multiple parties involved in development - wider industry bandwidth to leverage niche business growth</td>
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<td>Single party developer reduces benefits of wider collaboration</td>
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<td>Delivery</td>
<td>A single entity responsible outcomes</td>
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<td>Unable to achieve wide range of development outcomes</td>
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<tr>
<td></td>
<td>Limited ability to achieve range of development outcomes</td>
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<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
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<td>Limited ability to achieve range of development outcomes without land ownership</td>
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<td>2</td>
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<tr>
<td></td>
<td>Suitable delivery model, and capitalised development authority provides single party accountable</td>
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<td>2</td>
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<tr>
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<td>Conflict anticipated achieving non-commercial outcomes if lead developer</td>
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<td>Catalyse</td>
<td>Investment Ratio</td>
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<tr>
<td></td>
<td>Low public spend, but results in limited catalytic effect</td>
<td>0</td>
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<td>Insufficient incentives to ‘bridge the gap’ for viable development</td>
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<td>Marginal ability to catalyse development without land ownership</td>
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<td>Best ratio of public and private sector investment at approx. 1:6 – 1:10</td>
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<td>2nd highest ratio of public and private sector investment at approx. 1:4 – 1:8</td>
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<td>Very high public spend and low private sector spend (limited to halo effect)</td>
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<td>Time</td>
<td>Shortest time to achieve economic benefits</td>
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<tr>
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<td>Baseline growth</td>
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<tr>
<td></td>
<td>Slightly improved from baseline</td>
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<tr>
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<td>Development pipeline times improve from baseline</td>
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<td>2</td>
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<tr>
<td></td>
<td>Step change over short time frame</td>
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<td>2</td>
<td>3</td>
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<tr>
<td></td>
<td>Step change over short time frame, with anchor building</td>
<td>0</td>
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<td>Time variance risk with single lead entity</td>
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<td>Risk</td>
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<tr>
<td></td>
<td>Business as usual approach</td>
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<tr>
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<td>Unintended consequences of incentives and waivers</td>
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<td>2</td>
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<tr>
<td></td>
<td>Normal and accepted practice</td>
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<tr>
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<td>Common for Urban Development Authorities</td>
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<td>High operational risk with conference venue at proposed scale</td>
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<td>Uncommon approach, high levels of commercial risk</td>
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**Total**

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<tr>
<td>Rough Order Costs</td>
<td>Capital Costs, excludes gross realisation value</td>
<td>Nil</td>
<td></td>
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</table>

**Rating Scoring:** 0 = Lowest Rating, 5 = Highest Rating
3.3 Preferred Way Forward

The preferred way forward is the public entity led option. It includes the establishment of a single entity that will enable development using a holistic approach (95% bricks and mortar / 5% fiscal policy) that;

- Anchors the development with one, or two public entity funded building developments that create activity and create the critical mass for the private sector to support through more traditional development models.
- Reduces development ‘hurdles’ and improves the attractiveness of the deal by;
  - Providing a flexible pre-consented master plan to establish a harbourside precinct
  - Improving walking, cycling and transport connections and public amenity
  - Activating the area with attractions such as a neighbourhood or metropolitan scale playground / art sculpture or recreational activity.
- Incentivises development and investment by;
  - Continuing business as usual regulatory and council initiatives
  - Supporting growth and niche SME (eco-tourism, sustainability, bio-tech, ICT, education, etc).
  - Providing a point of difference with authentic person to person and digital connectivity through the design and marketing of the development
  - Waiver of development contributions on a selected basis (i.e a development that meets or exceed key critical success factors)
  - Diversifying the risk profile across multiple partners

The public led entity development options are most likely to meet or exceed all of the critical success factors relating to the physical strategy and s 9(2)(g)(i) A step-change is required to get critical mass and achieve a concept that will make Dunedin the destination of the south and ultimately start to create a better balance of regional growth. The public entity led approach is expected to improve economic yield in two key ways – increased employment and economic density in the area with the creation of a new precinct; and providing an opportunity to optimise land use in the harbourside area will help with the creation of a secure and efficient operational area for the Port.

It also provides the opportunity for one or multiple private sector partners to be involved in the development. A wider industry bandwidth will help leverage niche business growth through person to person connectivity.

The selection of a suitable delivery model, establishment of a single entity responsible for taking the land to market and capitalising the entity will address some of the key challenges with brownfield urban regeneration and provides single party accountability. Examples of a single entity delivery model are urban development authorities, SPV’s, JV, etc.

It provides the next best ratio of public and private sector investment at approx. 1:4 – 1:18 (based on the estimated Master Plan Capital Costs).
The step change can occur over a short time frame, estimated at 5 – 15 years. This is based on a simplified estimate of timeframes, sequencing the building platforms and public realm, phased over three distinct stages.

**Stage 1**
- 5 year period (indicative dates proposed: July 2019 – April 2024, noting that start dates are subject to fundraising), including:
  - Establishment of an Urban Development Agency, resource consenting, physical investigation and concept designs (2 years)
  - Design, procurement and construction of the public wharf and marina from the north west corner of Steamer Basin around to the south of Wharf Street, including the building platforms for the Sustainable Futures Initiative, Eco Tourism and Commercial Office buildings
  - Building development of the Sustainable Futures Initiative building, the Commercial Office building and a metro playground to activate the area.

**Stage 2**
- 4 year period (indicative dates proposed: December 2022 – December 2026), including:
  - Design, procurement and construction of the public wharf and marina from the south west corner of Steamer Basin around to the east of Birch Street and up to the point, including the building platforms for the Waka apartment, Hotel and the Cultural Centre buildings
  - Building development of the Waka apartment, Hotel building the first building of the Cultural Centre once confirmed developer funding is in place.
  - Note, this timeframe is dependent on the decant of Port operations.

**Stage 3,**
- Building development of the Ferry access, a ferry terminal and ticket office opposite the Sustainable Futures Initiative building, the Eco Tourism Centre, and the remaining two buildings of the Cultural Centre

There is an opportunity to improve the timeframes if building development occurs in parallel with the creation of the building platforms.

The key issues with the preferred way forward are that;

- High infrastructure and building platform costs don’t deliver additional benefits
- Affordability (Big Bang) and market demand impacts on achievability
- Reference projects have demonstrated successful transitional approach

Further option analysis investigated a transitional scheme that would have a high degree of achievability and provide the ability to accommodate for future growth.

This includes three stages of development of which the business case identifies the scale of funding for Stage 1 and 2.

This consists of;

**Anchor Buildings**
- Public entity constructs Sustainable Futures Initiative Building,
Public entity constructs smaller scale Cockle Shell, to act as a cultural conference centre and support the complementary uses (sustainability engagement, hotel, apartments)

**Wharf, Public Realm and Building Platforms**

Generally this includes;

- Continuous public realm around the Steamer Basin water edge (8m)
- “Focus spend” - soft landscaping: hard landscaping: bluestone
- Reduce the number and extent of access steps down to the water to three key areas
- Locating the buildings back onto existing land, particularly at point
- Retain Wharf Street Wharf (Cross Wharf) with reduced design life and grade treatment
- Increasing the investment in active spaces, such as a metro scale playground, art, transitional timber promenades and walkway areas

The below summary provides a more detailed overview of the overall Transitional Masterplan – Public Entity Led Development Approach, sequenced over the three stages;

**Stage 1**

including;

- **East Fryatt Street**
  - Demolition of East Fryatt Street wharf, and make good to the area for transitional public realm (i.e. asphalt, not shingle)
- **West Fryatt Street**
  - Sustainable Futures Initiative platform. Smaller scale, within property boundaries and on land.
  - Sustainable Futures Initiative building.
  - AVB pedestrian bridge, for pedestrians and cyclists
- **Wharf Street**
  - Retain Harbourside Quay Bar and Grill Building, Wharf Street
  - Demolition of Jetty Street overbridge northern ramp and existing horizontal infrastructure
  - Acquisition of privately owned reserve land
  - Thomas Burns Street and Wharf Street realignment, to enable the development of the area West of Steamer Basin.
  - Wharf street/ Fryatt St realignment, to enable the revised landing of AVB pedestrian bridge
  - Eco-Tourism Centre building platform, located on land, back from the wharf edge for future development
  - ‘Metrot’ scale playground to activate the area
  - Retain existing wharf structure and install a lightweight timber promenade overtop to maintain a continuous public realm and manage grades around the water edge
  - Access to water via curved steps in North West corner, adjacent to the AVB pedestrian bridge landing and at the mid-point on the western wharf
- **South Wharf Street**
  - Commercial Office platform, located on land, back from the wharf edge within property boundaries.
  - Commercial Office building
  - Access to water via curved steps in South West corner, adjacent to the Commercial Office
Stage 2
including:

- **West Birch Street**
  - Waka Apartment platform. Reduced building footprint, located on land, back from the wharf edge within property boundaries
  - Waka Apartment building
  - Hotel platform. Reduced building footprint, located on land, back from the wharf edge within property boundaries
  - Hotel building

- **East Birch Street and Dry Dock**
  - Cultural Centre building platform, located on land, back from the wharf edge
  - Cultural Centre building, one smaller AVB cockle shell, located on land, back from the wharf edge
  - Access to water, via curved steps east of the Hotel building platform extending along the wharf up to "the point"
  - Clean up the operational wharf area and existing slipway, to provide public access to water

Note, the slip way is currently operational, utilised by Port Otago. Transitional re-use of the slipway is dependent on Port Otago, and ability to find a suitable site to relocate their operations.
Stage 3
including;
- East Fryatt Street
  - East Fryatt Street wharf building platform
- West Fryatt Street
  - Ferry Access,
  - Ferry terminal
  - Ticket office
- Wharf Street
  - Eco Tourism building, in place the metro playground
- East Birch Street and Dry Dock
  - Cultural Centre buildings, two AVB cockle shells (one larger and one smaller), located on land, back from the wharf edge
- Kitchener Street
  - Urban Park and Seawall improvements

The proposed staging allows for the AVB Masterplan to be fully realised in the future.
The overall Transitional Masterplan – Public Entity led development approach is illustrated below.
This scheme is described in Table 7.

### Table 7: Public Led Entity – Stage 1 and 2

<table>
<thead>
<tr>
<th>Option 5</th>
<th>Public Entity Led – Stage 1 and 2</th>
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</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
<td>Continue with Business as usual regulatory and council initiatives, with incentivised development and SME support. See 9(2)(b)(ii) and 9(2)(b)(iii). Master planning and consenting of development to de-risk development for private sector to lead development (included below). Create building platform and land for development, including funding of public realm and transport networks to enable development from private sector via a development agreement approach. See 9(2)(b)(i). Public Entity build, own and operate 2 Anchor Buildings. It is proposed that these would be the Sustainable Futures Initiative building, and one of the smaller Cockle Shells for the purposes of a Cultural Centre (or other use).</td>
</tr>
<tr>
<td><strong>Timeframe to Achieve Outcomes</strong></td>
<td>5 – 15 years</td>
</tr>
<tr>
<td><strong>Rough Order of Costs</strong></td>
<td>See 9(2)(b)(ii) Fundraising proposed for the Sustainable Futures Initiative building</td>
</tr>
<tr>
<td><strong>Comments</strong></td>
<td>Holistic approach (95% bricks and mortar / 5% fiscal policy) that addresses development costs, risks and supports productivity. Increased confidence to private sector that development will occur with anchor building. Increase in public sector operational and capital cost risk (depending on development model). Diversified risk profile with opportunity to spread risk and allocate to the right parties.</td>
</tr>
</tbody>
</table>

### 3.4 Reference Projects

In the context of Dunedin Waterfront Development there are examples of similar projects that align with the enable development approach.

**National Scale:** Wellington Waterfront, Auckland Waterfront, Melbourne Docklands, which are all single entity led developments or components of larger developments. These developments were anchored with a public entity project (e.g. Te Papa).

**Regional Scale:** West Quay, Te Ana, which have been led by either publicly owned companies (LPC) or facilitated by public sector with key private sector developers leading the development (Napier).

#### 3.4.1 Wellington Waterfront

The Wellington Waterfront was developed alongside investment in Te Papa and the Westpac Stadium. It has been developed in stages, divided up by a number of sites with a variety of commercial offices and public spaces. The development was an opportunity to upgrade the existing wharf structure and seawall for safety and sustainability while providing opportunity to create public realm that preserves the city’s heritage. The success of Wellington’s Waterfront shows the benefits of
having a single organisation coordinating city development while working in partnership with other investors.

3.4.2 Auckland Waterfront

Auckland’s Wynyard Quarter is one of several areas along the central city Waterfront governed and managed by Panuku Development Auckland on behalf of Auckland Council. Wynyard Quarter is a 37ha development with almost 3km of coastal frontage and will include 48,000m² of commercial space and apartments to house 3,000 residents. This development is significantly larger than the Dunedin Waterfront Vision however is comparable in facility offerings from public realm, residential and commercial spaces to hotel and Sustainable Futures Initiative. The driver for this development was for the America’s Cup and the 2010 PwC report forecasts an increase of $2.9 billion to Auckland’s economy by 2040 from this development alone.

3.4.3 Melbourne Docklands

The Docklands Authority, now known as Development Victoria, was established to oversee the Melbourne Waterfront development and partner with private investors, The Minister for Planning and the City of Melbourne for delivery of the Docklands vision. The Melbourne Docklands Development was a key driver for Melbourne’s economy, living, working and entertaining. Since July 2012, 77% of the 73 community priorities identified in the plan have been delivered, such as the Library at the Dock and Community Hub at the Dock.

3.4.4 West Quay, Napier

West Quay is a historic precinct of Ahuriri, Napier. In 1995, a wool store was demolished for a motel/apartment development to be erected in its place, this was believed to be a threat to the area’s character. A Design Team, which included representation from Napier City Council, was established to instigate a design process to coordinate the redevelopment. The aim of this coordination was to improve the functionality of the port and provide spaces that are functional and attractive to new developers and investors while retaining the authentic character. West Quay is 4ha in area with 3000m² of commercial floor area.

3.4.5 Te Ana, Lyttelton

The Te Ana Development in Lyttelton, Christchurch is a renewal project to upgrade the working port to include a mix of industry, creativity and history. It is led by Lyttelton Port Company in collaboration with Christchurch City Council and the Lyttelton community. It is a two-stage development, Stage 1 has been completed which includes the floating marina berth, marina facilities and promenade. Stage 2 will include further landside development and floating berths. As a result of the Canterbury Earthquakes the Waterfront required remediation which has provided an opportunity to provide public access to the water.

3.5 Preferred Themes

The themes that are emerging to underpin the kaupapa / heart of the development are;

- Connection to the Southern Ocean
- Sustainability
- Centre of Digital Excellence
3.5.1 Gateway to the Southern Ocean

There is a strong connection to the land and the Southern Ocean.

It is the home of Otako Runaka, settled through generations of Waitaha, Kati Mamoe and Kai Tahu in succession, who, through conflict and alliance, have merged in the whakapapa (genealogy) of Kai Tahu Whanui. The reliance on the ocean and coastal area bounty supported many kaika (settlements) and hapu along the harbour edge and peninsula.

Travel by sea between settlements and hapu was common, with a variety of different forms of waka, including the southern waka unua (double-hulled canoe) and, post-contact, whale boats plying the waters continuously.

The discovery of gold at Gabriel's Gully in 1861 triggered wealth in the area. Dunedin's location provided safe harbour for coastal shipping trade and Dunedin became New Zealand's biggest city – forged by strong Presbyterian individuality and a focus on education, equality, and strong values.

The establishment of a deep-water port attracted trade routes from the region and has been a key to the economic growth of the city and the region.

Port Chalmers can lay claim to the earliest visit from an Antarctic expedition. In November 1894 it hosted men from the Norwegian whaling and sealing ship Antarctic who in January 1895 made the first substantiated European landing on the Antarctic continent proper\(^\text{12}\). Sir Ernest Shackleton launched his rescue mission with the Antarctic exploration vessel Aurora in December 1916 to save eleven members of his expedition who had been isolated since May, 1915 in the frozen and inhospitable southern ocean\(^\text{13}\).

Dunedin was home to the Union Steam Ship Company - once the biggest shipping line in the southern hemisphere and New Zealand's largest private sector employer. Colloquially known as "The Southern Octopus" USS Co had a near-monopoly on trans-Tasman shipping, and dominated coastal shipping.

The harbour provides a centrepiece for the city – business, playground, mahika kai, and inspiration for the arts.

Dunedin City Council have begun the formation of a Harbour Stakeholder Group, as a result of over 150 people attending a recent workshop to start the conversation about the vision for Otago Harbour.

The group is interested in the reconnection of the city to the harbour, protection of recreational, cultural and environmental values. This reflects an improving environmental quality in the harbour – resulting in Southern Right Whales calving again in the Harbour.

3.5.2 Sustainability Research and Engagement

The University of Otago is committed to addressing the multifaceted environmental transformations that challenge humanity and imperil the planet. It was the first New Zealand University to sign the international SDG Accord pursuing the United Nations' Sustainable Development Goals and in November 2018 the University won the 2018 Australasian Green Gowns sustainable campus award for its emissions reductions and initiatives to reduce carbon footprint by a third by 2020. The

\(^{12}\) https://nzhistory.govt.nz/media/photo/captain-scotts-ships-lyttelton

\(^{13}\) https://www.odt.co.nz/opinion/100-years-ago/shackleton-sets-out-antarctic-rescue-mission
University has outlined its social vision and institutional commitments through a set of key strategic documents - the Māori Strategic Framework, Pacific Strategic Framework, and Sustainability Strategic Framework. These emphasise the centrality of relationships with mana whenua and ngā iwi Māori, its commitment to working with Pacific communities, and its recognition of the fundamental importance of sustainability as a focus of research, education, and institutional practice.

The University has a strong record of interdisciplinary and multidisciplinary research collaborations within the institution that also connect externally with iwi, government agencies, NGOs, and other tertiary institutions in New Zealand and beyond. A number of existing Otago-based research groupings approach the question of sustainability from a range of perspectives, building a rich complex of expertise and research capacity. These include:

- Centre for Sustainability
- SOMI (Southern Ocean Marine Institute), including the Ocean Acidification and Polar Environments Research Themes
- Catchments Otago
- Ag@Otago
- Otago Energy Research Centre
- New Zealand Centre for Sustainable Cities
- Otago Global Health Institute
- OCCNET (Otago Climate Change Network)

The Sustainable Futures Initiative will build upon these excellent foundations to establish a communication, outreach and engagement programme designed to advance critical work to address the urgent environmental, economic, and social problems facing our local, regional, national and global communities. It will engage various audiences, including various scholarly groups, hapū and iwi, relevant bodies from municipal, regional and central government, other relevant external agencies, school groups and international visitors.

This is a strong theme that could anchor a distinctive element of the development and connect to the physical environment. The Sustainable Futures Initiative could provide opportunities for:

- Forums, discussions, lectures, workshops and symposia: bringing ideas to the public square at the Waterfront
- Outreach for sustainability research from across the full range of disciplines: a platform for communication and engagement
- An ideas and research incubator, bringing community leaders, policy makers, researchers, and educators together to tackle pressing issues
- Berthing of marine research vessels and Southern Ocean expeditions
- A venue for science communication, workshops and hands-on activities
- Interactive displays and gallery space for University Collections (e.g. the Hocken Library), highlighting the transformation of the environment and cutting-edge research
- Classroom (wet-work) and office space for key research groups

Becoming the voice for sustainability would be a differentiator to help create a distinctive Destination of the South. Building upon the University’s rich intellectual history, its strong tradition in education, and its unique environment, this element of the redevelopment will help increase edutourism, eco-tourism, education and be a point of difference for attracting business conferences and symposiums. The site’s special location and particular history also provide unique opportunities to think about the significance of te ao Māori, to contemplate how to move beyond the legacies of our colonial past, to reimagine the connection between land and ocean, and generate new visions of the future that will help address the fundamental challenges posed by climate change, sea level rise, environmental degradation, and social inequality.
3.5.3 **Centre of Digital Excellence**

Dunedin City Council is also leading the development of the Centre of Digital Excellence (CODE) an election manifesto commitment funded through the PGF. The business case which should be finalised pre-Christmas is expected to lead to the development a $1B computer gaming sector by:

I. Better aligning the supply of talent to industry needs

II. Lifting industry scale and perception through the attraction of growth of studios and business

III. Creating sector leadership and networks

IV. Delivering on Dunedin’s point of difference such as digital health care

Dunedin are leading a parallel work programme to establish a Centre of Excellence. This follows on from Dunedin’s successful bid to be New Zealand’s Gigatown.

The targeted niche markets are:

**Digital Health Technology**

Emerging technologies that link with notification via current technologies

**Gaming Industry**

Computer gaming is worth $143M to the New Zealand Economy, and has 43% growth year on year. Over 93% is export. It is an attractor for talent.

3.6 **Risk Assessment**

A high-level risk assessment has been undertaken for the preferred way forward.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Cause / Consequence</th>
<th>Possible Mitigation Strategy</th>
</tr>
</thead>
</table>
| Failure to secure a Public Entity to lead one or two of the building developments | § 9(2)(b)(ii) | Early confirmation of a public entity to support the development  
Approval of a Project Level Business Case that supports the Public Entity investment  
Clarification of the scale of the development, outcomes sought and alignment with the proposed Waterfront vision, and the commercial elements of the business case including funding sources, OPEX and tenant / use. |
| Delays or Rejection of Consent | Early engagement with community on proposed vision  
Sequence development to minimise consent risk  
Relocate buildings within the CMA onto land |
<table>
<thead>
<tr>
<th>Risk</th>
<th>Cause / Consequence</th>
<th>Possible Mitigation Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability to achieve</td>
<td>Market Rents to support viable development</td>
<td>Sensitivity analysis to determine range of viable market rentals, and gross realisation</td>
</tr>
<tr>
<td>s 9(2)(b)(ii)</td>
<td></td>
<td>envelope to prove / disprove viability of development</td>
</tr>
<tr>
<td>Increase in Development</td>
<td>Costs</td>
<td>Benchmark market rents</td>
</tr>
<tr>
<td>s 9(2)(b)(ii)</td>
<td></td>
<td>Market engagement with national and local developers to test market rents</td>
</tr>
<tr>
<td>Unable to attract a</td>
<td>Development Partner</td>
<td>Budget for development contribution waivers</td>
</tr>
<tr>
<td>s 9(2)(b)(ii)</td>
<td></td>
<td>Early agreement on s 9(2)(b)(ii)</td>
</tr>
<tr>
<td>Funding unable to be</td>
<td>obtained</td>
<td>Align timing for development to ‘go to market’ to minimise holding costs, including other</td>
</tr>
<tr>
<td>s 9(2)(b)(ii)</td>
<td></td>
<td>options for land tenure</td>
</tr>
<tr>
<td>Gap between Funded Amount</td>
<td>and Required Project Budget</td>
<td>Market engagement with national and local developers to understand development agreement</td>
</tr>
<tr>
<td>s 9(2)(b)(ii)</td>
<td></td>
<td>and procurement options and constraints</td>
</tr>
<tr>
<td>Additional funding required</td>
<td>from DCC, or single entity leading the development.</td>
<td>Early engagement with Funding Partners to obtain clarity on extent and scale of funding</td>
</tr>
<tr>
<td>s 9(2)(b)(ii)</td>
<td></td>
<td>Value management to identify sequence of development, and options for transitional</td>
</tr>
<tr>
<td>s 9(2)(b)(ii)</td>
<td></td>
<td>development</td>
</tr>
<tr>
<td>Risk</td>
<td>Cause / Consequence</td>
<td>Possible Mitigation Strategy</td>
</tr>
<tr>
<td>------</td>
<td>---------------------</td>
<td>----------------------------</td>
</tr>
<tr>
<td></td>
<td>Clear communication of responsibility for underwriting and funding cost overruns relating to the land development</td>
<td></td>
</tr>
<tr>
<td>Lack of Critical Mass and Reliance on Specialist Properties</td>
<td>Does not achieve momentum of traditional mixed-use property development and leads to slow or no development</td>
<td>Adjust Master Plan before consenting and final funding confirmed to include residential, retail, food and beverage, etc, or provide flexibility to achieve through consent requirements and single entity led model.</td>
</tr>
<tr>
<td>Market requirements differ from Master Plan</td>
<td>Cost escalation for building platform, e.g. additional building platform m² required for a development to be viable</td>
<td>Confirmation of development partner and commercial building requirements</td>
</tr>
<tr>
<td></td>
<td>Re-consenting required for proposed use</td>
<td>Timing of public realm to align with confirmation of development parcels</td>
</tr>
<tr>
<td></td>
<td>Re-routing of utilities and infrastructure to ensure smooth development process</td>
<td>Staging areas and flexibility of development parcel sizes to be included in design, with an agreed funding mechanism.</td>
</tr>
<tr>
<td></td>
<td>Clarity on tenant mix and property mix, including funding for specialist properties (e.g. Hotels, Cultural Centres, etc.)</td>
<td>Traditional design and contracting mechanisms to reduce construction cost escalation risk</td>
</tr>
</tbody>
</table>

### 3.7 Sensitivity Analysis

The key areas of sensitivity analysis that impact on the preferred way forward are:

- **Wharf and Public Realm Costs**
- **Public Entity Building Costs and Funding**
- **Market Rents**
- **Development Construction Costs**

#### 3.7.1 Wharf, Public Realm and Building Platform Costs

The key cost risks that impact the sensitivity of the wharf, public realm and building platform costs are:

- Increase in building platform size to meet market requirements, e.g. a higher density on the edge will impact on the costs
- Increase in piling depths, or pile size requirements due to change in design requirements (pedestrian and light traffic) or geotechnical conditions
- Scope changes through community engagement
3.7.2 Public Entity Building Costs and Funding

The key risks for the public entity are the building costs and ability to obtain funding. The balance between achieving all of the benefits; the right level of investment to secure recognition as an international scale of development; and the ability to secure funding are key factors to achieving a successful development. For example, the Transitional Cathedral in Christchurch was able to secure significant levels of donations and work-in-kind to achieve the architectural intent and also meet the commercial objectives.

The key to managing this risk is to have a clear funding programme, on building use, needs, and accommodation requirements, and operational funding resolved prior to committing to the build.

3.7.3 Market Rent – Sensitivity

The market rent has the biggest influence on the gross realisation value of the buildings and therefore the overall viability of the development.

Table 9: Market Rent Examples

<table>
<thead>
<tr>
<th>Location</th>
<th>Net Face Rents</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Dunedin Prime Office</td>
<td>$190 - $225 p.s.m</td>
</tr>
<tr>
<td>B Auckland and Wellington Waterfront</td>
<td>$500 + p.s.m</td>
</tr>
</tbody>
</table>

The private sector are unable to influence the net face rent or market demand, with the exception of some specialist activities, or the attraction of a trophy investor/developer who is investing with a long term view and has private equity to enable the development (so is able to make long term generational investment decisions rather than short-term returns).

However, tenants are more likely to consider an above market rental rate if there is sufficient critical mass and key parts of the development committed to. This can be limited to specific locations, such as the Waterfront where commercial tenants may look to commit at higher rentals to be close to a key anchor tenant.

3.7.4 Construction Costs – Sensitivity

The construction costs have the biggest influence on the development costs, and therefore is the other key influence on overall viability of the development.

To understand the sensitivity of the construction costs, and the impact on viability of the development, two cases were considered.
Table 10: Sensitivity of Construction Costs

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Description</th>
<th>Range(^\text{14})</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Architectural Master Plan</td>
<td>$9(2)(b)(ii)</td>
</tr>
<tr>
<td>2</td>
<td>Industry Cost Guides (RLB) for high grade commercial</td>
<td>$9(2)(b)(ii)</td>
</tr>
<tr>
<td></td>
<td>office buildings</td>
<td></td>
</tr>
</tbody>
</table>

The commercial feasibility has investigated both scenarios $9(2)(b)(ii)$

The private sector are able to influence the overall construction cost through the following methods:

- A high % of net leasable area to gross floor area (i.e. limiting dead spaces)
- Clear delineation of base build costs and tenant fit-out costs
- Architectural and structural design that is standardised and repeatable (square, simple layout, low cost but high impact design and selection of materials)
- Competitive tendering

\(^{14}\) Excludes Cultural Centre $ / m\(^2\)
4 Commercial Case

4.1 Commercial Feasibility

A commercial feasibility was undertaken to provide an indication on the likely viability of the development.

The commercial feasibility was based on both the Architectural Masterplan (Transform Option) and the Transitional Masterplan - Enable (development with transitional land use). The third option, the Transitional Masterplan – Public Entity Led (further refinement of a development with transitional land use), was not modelled for the purposes of this report.

These are described in the following sections.

4.1.1 Commercial Feasibility – Architectural Master Plan

In order to improve the viability:

- More cost-effective architecture similar to the style used for other contemporary New Zealand buildings.

4.1.2 Commercial Feasibility – Transitional Masterplan – Enable

In order to improve the viability:

- The architecture should be reviewed to identify opportunities to reduce construction costs and improve space efficiency.

- To future-proof the long-term vision, sites earmarked for transitional uses (e.g., car parking, pop-up retail, etc.) should not be sold as this would create future problems in implementing the future elements of the masterplan development.
<table>
<thead>
<tr>
<th>Use</th>
<th>Feasibility notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>All projects</td>
<td>• The architecture should be reviewed to identify opportunities to reduce construction costs and improve space efficiency.</td>
</tr>
<tr>
<td></td>
<td>• Sites earmarked for transitional uses (e.g. car parking, pop-up retail, etc) should not be sold as this would create future problems in implementing permanent elements of the masterplan development.</td>
</tr>
<tr>
<td>Sustainable Futures Initiative Building</td>
<td>• In order to achieve a viable commercial return, the rental would likely need to be in the order of s 9(2)(b)(ii) with a long-term commitment from a high-quality tenant.</td>
</tr>
<tr>
<td>Eco-tourism Centre</td>
<td>• In order to achieve a viable commercial return, the rental would likely need to be in the order of s 9(2)(b)(ii) with a long-term commitment from a high-quality tenant.</td>
</tr>
<tr>
<td>Pop-up Café</td>
<td>• Considered that this type of space is more likely to be leased as a turn-key solution from a supplier of pop-up units or treated as an activation cost, rather than developed by a third-party developer.</td>
</tr>
</tbody>
</table>
| Commercial Offices              | • s 9(2)(b)(ii) \[
|                                 | • s 9(2)(b)(ii), the office rental would likely need to be in the order of s 9(2)(b)(ii) with a long-term commitment from a high-quality tenant.                                                           |
| Refurbished Shed                | • s 9(2)(b)(ii) \[
|                                 | • s 9(2)(b)(ii) the office rental would likely need to be in the order of s 9(2)(b)(ii) with a long-term commitment from a high-quality tenant.                                                           |
| Hotel                           | • s 9(2)(b)(ii) \[
|                                 | • s 9(2)(b)(ii) The realisation is very sensitive to revenue metrics (room pricing and occupancy). Dunedin revenue metrics are lower than other centres where development is occurring. |
Use | Feasibility notes
---|---
Car Park | s 9(2)(b)(ii) Car parking often has poor feasibility as a standalone use. It tends to be an ancillary use to support other developments.

4.1.3 Market Engagement

A confidential market sounding exercise was undertaken as an additional measure for understanding the private sectors willingness to commit to this development. Key themes are outlined below.

The Architectural Masterplan scheme is seen as an exciting idea, but strongly perceived that the design s 9(2)(b)(ii)

The Transitional Masterplan was considered more realistic, but the majority perceived that it would require public sector support (s 9(2)(b)(ii)) public sector directly undertaking developments to achieve viability.

The key issues are outlined below.

<table>
<thead>
<tr>
<th>Issue</th>
<th>Key theme/s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vision</td>
<td>Vision critical for ensuring good quality urban outcome. Strong vision is desirable, but concern that if the vision is too aspirational it will lead to potentially viable developments being declined because they do not live up to the very high aspirations of the vision.</td>
</tr>
<tr>
<td>Extent</td>
<td>Concern that the masterplan only addresses the immediate Waterfront. The surrounding industrial properties will create reverse sensitivities. The surrounding leasehold tenure means that regeneration of those properties is unlikely. Suggested actions included full master-planning of the wider area, rezone to mixed use, and freeholding so that the wider area can regenerate.</td>
</tr>
<tr>
<td>Tenure</td>
<td>Needs to be freehold or at minimum prepaid terminating leasehold (e.g. 125 years, no ground rent). Local developers strongly believe it needs to be completely freehold.</td>
</tr>
<tr>
<td>Planning</td>
<td>Need clear planning rules so that developers have certainty about outcomes. Common concern is reverse sensitivities between industrial uses and residential / accommodation, which could result in planning applications being declined.</td>
</tr>
</tbody>
</table>
### Issue

<table>
<thead>
<tr>
<th>Key theme/s</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Design</strong></td>
</tr>
<tr>
<td>Need design guidelines to ensure that buildings are well designed, as opposed to compliance with a specified building design. Need flexibility so that design can be commercially viable.</td>
</tr>
<tr>
<td><strong>Construction costs</strong></td>
</tr>
<tr>
<td>Perceived that construction costs, even for traditional building designs, will be very high due to ground conditions and marine environment.</td>
</tr>
<tr>
<td><strong>Materials</strong></td>
</tr>
<tr>
<td>Several recommendations to use lightweight timber structures to minimise weight, improve sustainability, and due to better long-term performance in marine environment. Perceived that concrete and steel structures will have long-term maintenance issues within marine environment.</td>
</tr>
<tr>
<td><strong>Demand</strong></td>
</tr>
<tr>
<td>Concern that there was insufficient demand within the local market to support the new development. The existing vacant spaces across office, retail, food &amp; beverage, etc can support foreseeable growth.</td>
</tr>
<tr>
<td><strong>Connectivity</strong></td>
</tr>
<tr>
<td>Concern that the railway lines between the CBD and the inner harbour are a major obstacle for end-users. The planned bridge may not fully solve this problem because users are often unwilling to traverse bridges, so may choose to remain in the CBD.</td>
</tr>
</tbody>
</table>

---

**4.2 Technical Feasibility**

A technical feasibility study has been undertaken to identify any fatal flaws for the proposed Master Plan building structures and foundations, building platform and horizontal infrastructure.

The technical feasibility study has not identified any obvious fatal flaws with the approach. Note that this does not include consent risk.

**4.2.1 Document Structure of Technical Feasibility**

The technical feasibility is structured as outlined in Table 12.

<table>
<thead>
<tr>
<th>Section</th>
<th>Technical Memorandum</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering Feasibility Report</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive Summary</td>
<td>-</td>
<td>General Summary</td>
</tr>
<tr>
<td>Appendix A</td>
<td>Civil Infrastructure</td>
<td>Jetty Street Overbridge Options</td>
</tr>
</tbody>
</table>
### Section | Technical Memorandum | Description
--- | --- | ---
Appendix B | Marine Structures | Public Realm and Building Platform Options
Appendix C | Geotechnical | Desktop study of geotechnical conditions
Appendix D | Building Structures | Pre-feasibility design of Master Plan
Appendix E | Civil Marine Protection and Hydrology | Wave climate, sea level rise, and tides
Appendix F | Geometric CAD Services Management | Jetty Street Overbridge alignment and grades
Appendix G | Other Infrastructure Services - Water Supply | Estimated demand and qualitative capacity
Appendix G | Other Infrastructure Services - Wastewater | Estimated demand and qualitative capacity
Appendix G | Other Infrastructure Services - Stormwater | Estimated demand and qualitative capacity
Appendix G | Other Infrastructure Services - Electrical Supply | Estimated demand and qualitative capacity

For all information relating to the Technical Feasibility, please refer to the Engineering Feasibility Report – Appendix 2.

### 4.2.2 Description of the Development

The development (Figure 11) is situated along Fryatt Street, Wharf Street, Birch Street, and Kitchener Street and includes:

- Pedestrian Bridge
- Sustainable Futures Initiative and Shared Pathway
- Ferry Terminal
- Ecotourism Centre
- Bridge Realignment
- Commercial Offices
- Exhibition/Café/Offices/Apartments
- Hotel and Carpark
- Cultural Centre
4.2.3 Engineering Approach

The Engineering approach to the Dunedin Waterfront Vision has been to:

- Firstly determine what infrastructure, buildings and structures are adjacent to and service the Steamer Basin area and assess the condition and capacity of these elements.
- Consider the Engineering requirements which will respond directly to Architecture Van Brandenburg’s vision for the Steamer Basin and environs.
- Determine the changes and demands that will result from fulfilling the Dunedin Waterfront Vision with respect to the city infrastructure and the Steamer Basin environs.
- Undertake a prefeasibility level concept design for the proposed infrastructure, marine and building structures for the purposes of comparative costings only.
- Using recognised methodologies and in accordance with the Dunedin City Council approved procedures, a finished floor level for all buildings and structures has been determined taking into account the upper harbour marine effects, climate change and sea level rise (IPCC 5th Edition).

4.2.4 Design Philosophy

The Design Philosophy adopted for the development of prefeasibility conceptual designs includes:

- Compliance with the New Zealand Building Code with respect to design standards and codes of practice.
- An importance level of 2 has been adopted for most of the buildings and structures with several of the specific building being considered as importance level 3 such as the Cultural Centre which will likely house items and contents which are important to the community.
- A design life of 50 years has been adopted for all structures and buildings with an additional design life of 100 years being considered for durability consideration of the marine structures.

Figure 11: Architectural Masterplan
The buildings in the Dunedin Waterfront Vision are unique and bespoke in their arrangement, location and appearance. These exciting buildings have been considered where possible to adopt standard structural building and construction systems with added bespoke detailing to achieve Architecture Van Brandenburg’s vision.

The design philosophy for the bespoke building form of the Cultural Centre is to create an Architectural and Structural sculpture.

Deep foundations will be required for all new structures adjacent to the Steamer Basin including all marine structures and buildings. The foundations for the building are to be constructed in such a way as to preserve the vertical load path from the building structure to the foundations with any other public space or marine structures being constructed with suitable foundations. The preferred foundations system for the buildings are:

- Create a building platform for each building with backfilled material and construct the deep foundation through these building platforms to the required levels.
- Create a marine structure which will form the suspended foundations for the building above while maintaining the building vertical and horizontal load paths, and address later spread under seismic conditions.
- Some of the building are currently described as extending from existing land areas over a sea wall to also be supported on a suspended wharf structure. Although completely feasible to construct, this is the least favourable option for foundations due to the unpredictability of the structural performance of this form of structure.

4.2.5 Horizontal Infrastructure

The Horizontal Infrastructure in the Harbour side precinct is relatively robust and there does not appear to be any significant constraints for normal building demands in:

- water supply,
- waste water,
- storm water,
- electrical supply,
- gas reticulation,
- data and communications networks.

However, there will be some alteration and extension to all of these networks to facilitate the Dunedin Waterfront Vision.

Durability requirements for the buildings and structures (for example stainless steel finishes, HVAC system) and any other environmental effects which may affect the building design and operation are higher than for a typical development.

The development is in an exposed environment and subject to wind and weather events including those induced marine actions. Significant consideration shall be given to these external environmental factors in the design of the public spaces and the building to designs to be able to fulfil Architecture Van Brandenburg’s vision.

4.2.7 Marine Structures and Wharves (Public Structures, Areas and Facilities)

The design scope and structural solution for the wharves and public realm structures for the Waterfront development are generally:

- Light weight loading criteria for pedestrian access and light service vehicles
- Only docking loads for moderately sized vessels, i.e. Monarch and vessels of similar size
The wharves will be structurally connected to the building platforms for the various buildings but will not be able to be considered to contribute to supporting either the gravity or lateral load paths for the building foundations.

Table 13: Key Design Criteria: Lightweight Wharf and Public Realm

<table>
<thead>
<tr>
<th>Location</th>
<th>Demolition Scope</th>
<th>Design Scope</th>
<th>Length</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fryatt Wharf</td>
<td>Removal</td>
<td>Lightweight traditional piled wharf structure and concrete deck</td>
<td>390 m</td>
</tr>
<tr>
<td>Ferry Terminal and Access way</td>
<td>New</td>
<td>Lightweight traditional piled wharf structure and concrete deck</td>
<td>Varies</td>
</tr>
<tr>
<td>Cross Wharf</td>
<td>Retain</td>
<td>Re-deck and additional supporting piles</td>
<td>190 m</td>
</tr>
<tr>
<td>Jetty 1 and 2</td>
<td>New</td>
<td>Lightweight traditional piled wharf structure and concrete deck</td>
<td>20-40 m</td>
</tr>
<tr>
<td>Birch Street</td>
<td>Removal</td>
<td>Lightweight traditional piled wharf structure and concrete deck</td>
<td>260 m</td>
</tr>
<tr>
<td>Kitchener Street</td>
<td>Removal</td>
<td>No replacement</td>
<td>200 m</td>
</tr>
<tr>
<td>Kitchener Street Slipway</td>
<td>Removal</td>
<td>Declaration of land and retention of breakwaters</td>
<td>90 m</td>
</tr>
<tr>
<td>Fishing Jetty</td>
<td>Removal</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Jade Building and Marina</td>
<td>Removal</td>
<td>No replacement</td>
<td>n/a</td>
</tr>
</tbody>
</table>

4.2.8 Buildings

The basic design criteria for each building is outlined in the attached Technical Memorandum and is summarised:

- Importance Level 2 & 3
- Design Working Life 50 years and 100 years specifically for durability
- Low Seismic Hazard Zone (z= 0.13)
- Design standards to be in accordance with the New Zealand Building Code
Table 14: Key Design Criteria: Buildings

<table>
<thead>
<tr>
<th>Building</th>
<th>Summary</th>
<th>Structural Approach</th>
<th>Building Platform</th>
<th>Key Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable Futures Initiative</td>
<td>Single level, open plan, unique structure with internal mezzanine style floors with bespoke Architectural features</td>
<td>Simple, repeatable portal frame elements on piled foundation structure</td>
<td>Building platform for development created on backland behind the wharf retaining wall with deep piled foundations and a suspended ground floor slab and foundation beams</td>
<td>Consenting of wharf type, Bespoke structural frames and expressed structural system adds complexity to the superstructure.</td>
</tr>
<tr>
<td>Eco-tourism Centre</td>
<td>Single level, open plan, unique structure with internal mezzanine style floors with bespoke Architectural features</td>
<td>Standard Steel or concrete internal frame structure with reinforced concrete floor and accessible roof elements. Bespoke Architectural features</td>
<td>Building platform for development on existing historical land reclaimable with deep piled foundations</td>
<td>Space constrained due to road and wharf location</td>
</tr>
<tr>
<td>Commercial Offices</td>
<td>Multi-level open plan office development consisting of two wings with a central circulation area with bespoke Architectural features</td>
<td>Standard design and construction systems consisting of a structural steel frame, composite concrete floors and a braced lateral load system</td>
<td>Building platform for development on existing historical land reclaimable with deep piled foundations</td>
<td>Irregular floor plan layout (radial)</td>
</tr>
<tr>
<td>Waka Mixed Use</td>
<td>Multi-level mixed use building consisting of hospitality, retail and residential occupancy with enclosed roof level garden structure with bespoke Architectural features</td>
<td>Standard design and construction systems consisting of a structural steel frame, composite concrete floors and a braced lateral load system</td>
<td>Building platform for development created on backland behind the wharf retaining wall with deep piled foundations and a suspended ground floor slab and foundation beams</td>
<td>Consenting of wharf type, Complex cladding connections</td>
</tr>
<tr>
<td>Hotel</td>
<td>Multi-level Hotel building in two residential wings and a two storey foyer and entry area. The hotel is centered around an</td>
<td>Standard design and construction systems consisting of a structural steel frame, composite concrete floors</td>
<td>The intent of the Hotel is that the building will sit above the harbour waters on a suspended Wharf type structure with</td>
<td>Consenting of wharf type, Complex structure with complex</td>
</tr>
<tr>
<td>Building</td>
<td>Summary</td>
<td>Structural Approach</td>
<td>Building Platform</td>
<td>Key Risk</td>
</tr>
<tr>
<td>------------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td>----------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>Car Park</td>
<td>Single Storey structure for covered car parking associated with the hotel guests with bespoke Architectural features</td>
<td>Internal relatively long span structural steel construction with reinforced concrete external shell.</td>
<td>Building platform for development on existing historical land reclaimable with deep piled foundations</td>
<td>cladding connections</td>
</tr>
<tr>
<td>Cultural Centre</td>
<td>The cultural centre is a bespoke sculptural building consisting of three representative cockle shells with a single internal mezzanine floor and glazed roof structure</td>
<td>The structural approach is for a vertical arched type structure consisting of an internal structural steel frame or dia-grid structure with bespoke composite external cladding shell elements</td>
<td>The intent of the Cultural centre is that the building and the public realm wharf will sit above the harbour waters on a suspended Wharf type structure with deep pile foundations.</td>
<td>Structural form will need to be developed in conjunction with the Architectural vision to achieve the desired iconic building sculptural element.</td>
</tr>
<tr>
<td>Ancillary Buildings, Ticket Office, Boat Terminal</td>
<td>Several small single storey buildings with specific roles in the Waterfront Vision with bespoke Architectural</td>
<td>Standard reinforced concrete and structural steel construction with reinforce concrete external shell and bespoke Architectural detailing</td>
<td>The intent of the Cultural centre is that the building and public realm wharf will sit above the harbour waters on a suspended Wharf type structure with deep pile foundations.</td>
<td>Complex small structures with a high level of Architectural development</td>
</tr>
</tbody>
</table>

### 4.3 Environmental Feasibility

An environmental feasibility study has been undertaken to identify any fatal flaws for the proposed Master Plan and broadly covers ecology, hydrodynamics, carbon zero, and contamination risk.

These desk-based feasibility studies have:

- Identified area(s) within the redevelopment area that have the potential to be contaminated based on past and/or present activities;
Identified where existing environmental media (soils, seabed sediment and water) may pose a risk to human health or the environment;

Provided recommendations in relation to future investigation for the project on the effects on ecological values, a Detailed Site Investigation (DSI) of the land and proximate coastal sediment, water quality of Basin and an assessment of energy options for the construction and operation of the development.

The environmental feasibility study has not identified any obvious fatal flaws with the approach but notes the risk of contamination around the Dry Dock. Note that this does not include consent risk.

4.3.1 Document Structure of Environmental Feasibility

The environmental feasibility is structured as outlined in the following table:

<table>
<thead>
<tr>
<th>Section</th>
<th>Technical Memorandum</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Summary</td>
<td>-</td>
<td>General Summary</td>
</tr>
<tr>
<td>Appendix A</td>
<td>Ecological and Hydrodynamic Impacts</td>
<td>High level ecological values</td>
</tr>
<tr>
<td>Appendix B</td>
<td>Marine and Land Contamination</td>
<td>Identified;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Area(s) within the redevelopment area that have the potential to be contaminated</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Areas where existing environmental media (soils, seabed sediment and water) may pose a risk to human health or the environment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Provided recommendations in relation to future investigation for the project on the effects on ecological values, a Detailed Site Investigation (DSI) of the land and proximate coastal sediment, water quality of Basin</td>
</tr>
<tr>
<td>Appendix C</td>
<td>Carbon Footprint and Sea Level Rise</td>
<td>A boundary for the construction and operational carbon footprint, including alternatives for consideration</td>
</tr>
</tbody>
</table>

For all information relating to Technical Feasibility, please refer to the Environmental Feasibility Report – Appendix 1.
4.4 Consenting Strategy

4Sight Consulting Limited has prepared the Waterfront Development Consenting Strategy, which has been updated to reflect all technical and environmental risk analysis undertaken by Beca, as well as ensuring that the necessary works sought to be covered by the Provincial Growth Fund can be consented and implemented within the three-year timeframe governed by the Provincial Growth Fund.

The Waterfront Development Consent Strategy is recommended to be staged. Firstly, an emphasis is given to securing those resource consents that are required to establish the replacement of the wharf structures bounding Steamer Basin (Fryatt Street and Birch Street structures) and that will form the future building platforms for a number of the buildings that form part of the Dunedin Waterfront Development Vision.

The consenting strategy places an emphasis on minimising consenting risk and therefore a staged approach will enable resource consents for wharf replacement works to be secured first and physical works commenced so as to accord with the funding objectives of the Provincial Growth Fund. This would then be followed by a staged consenting approach to secure the bridge, road realignment works and consents for the buildings themselves.

Importantly, the staged approach adopted within the consenting strategy avoids advancing all of the regional and district consents required under one application, as this is considered to expose the Vision to undue consenting risk. As a consequence, the consenting strategy adopts the following steps:

- Step 1 – Secure regional consents for the replacement of the existing Fryatt Street and Birch Street wharves located within the main development area of Steamer Basin;
- Step 2 - Secure regional consents for new extended wharf and Ferry Terminal servicing the Fryatt Street Wharf and for regional consents located outside of the Steamer Basin;
- Step 3 – Separately secure resource consents for proposed Bridge, which is linked to 10 Year Long Term Plan funding, and associated road realignment works at the western end of Fryatt Street and Wharf Street and removal of Jetty Street Bypass Ramp;
- Step 4 – Secure subdivision consent that rationalises underlying development titles consistent with Waterfront Development Masterplan Vision;
- Step 5 – Phased delivery of those development components that sit within the Harbourside Edge Zone located between the Bridge and the end of Birch Street (excluding the 5-Star Hotel) and development on Fryatt Street wharf;
- Step 6 – Implement combined regional and district consenting process for 5-Star Hotel and the Cultural Centre.

As with all consenting strategies, the market response to the Waterfront Development Vision will also dictate the staging under Steps 5 and 6, however we consider that it would be easier to consent development that sits within the existing Harbourside Edge Zone first, followed separately by development on Fryatt Street wharf, the 5-Star Hotel and the Cultural Centre.

15 The consenting strategy has assumed that all physical construction works covered by the Provincial Growth Fund will need to achieve both the necessary planning approvals and be initiated within a three year funding window from award of the Provincial Growth Fund.
4.5 Technical and Environmental Risks

The key technical and environmental risks to be resolved are;

- Understanding the physical environment (geotechnical, edge stability, soil-structure interaction, foundation type, wharf type)
- Traffic Modelling and access to the Waterfront development impacting on Transport Infrastructure requirements
- Sequencing of construction and development in relation to creating the building platform, including land title amalgamation.
- Consent Risks in providing title to construction platform.

The high level technical risks are further described in Table 16.

Table 16: Technical Risks Summary

<table>
<thead>
<tr>
<th>Risk</th>
<th>Cause / Consequence</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Escalation of Building Platform Costs, e.g. pile depths increase.</td>
<td>Additional funding required from DCC, or single entity leading the development.</td>
<td>Progress building platform design early and clear work breakdown structure with gated approvals and monitoring against project budget including;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Design and construction interaction between the building platforms and the public areas and wharf structures</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Survey of the area, both landside and within the intertidal zone.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Early geotechnical investigations and PSI/DSI to determine geological conditions and contamination remediation requirements including;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Undertake a specific site investigation in the Steamer Basin specific for each building platform site and wall of the wharf structures</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Undertake a site specific liquefaction analysis</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Issue Factual and interpretive geotechnical report for the development</td>
</tr>
<tr>
<td>Escalation of Public Realm Construction Costs</td>
<td>Additional funding required from DCC, or single entity leading the development.</td>
<td>Progress public realm design early and clear work breakdown structure with gated approvals and monitoring against project budget</td>
</tr>
<tr>
<td>Harbour edge stability or ongoing settlement introduces cost for ground treatment or alternative designs</td>
<td>Additional funding required from Developer, DCC, or single entity leading the development.</td>
<td>Early geotechnical investigations to determine geological conditions and rate of settlement (mm/yr) and;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Obtain geotechnical information and potential for ground treatment and additional cost risk</td>
</tr>
<tr>
<td>Risk</td>
<td>Cause / Consequence</td>
<td>Mitigation</td>
</tr>
<tr>
<td>------</td>
<td>---------------------</td>
<td>------------</td>
</tr>
<tr>
<td>Incorrect alignment or capacity of Jetty Street Overbridge</td>
<td>Stranded capital / overinvestment by constructing Jetty St Overbridge off ramps prior to completing traffic network modelling for the City</td>
<td>Undertake some traffic modelling exercises and reticulation options for traffic planning at ground level. Determine estimated traffic movements for the proposed waterfront development and consider impacts and requirements for:  - Parking  - Connection to Dunedin CBD  - Heavy Traffic By-Pass impacts  - Safety Improvements</td>
</tr>
<tr>
<td>Additional Horizontal Infrastructure Costs</td>
<td>Underestimate demand requirements, or overestimate capacity</td>
<td>Develop and finalise the estimated demands for each proposed facility with respect to the demand on the existing Dunedin City Infrastructure (3 Waters and Electrical). Insert these demands into the existing Dunedin City Infrastructure Models to determine the predicted impact on these facilities. Investigate the services pinch point at the end of Fryatt Street and the Chinese Garden to inform the design of the pedestrian bridge</td>
</tr>
<tr>
<td>Design Life assumptions required additional work beyond project budget (e.g Wharf Street)</td>
<td>Additional project costs</td>
<td>Progress wharf asset condition assessment early to identify the extent of any repairs to meet assumed 30 to 50-year design life requirements. Clear work breakdown structure with gated approvals and monitoring against project budget.</td>
</tr>
</tbody>
</table>
5 Financial Case

5.1 Capital Costs

The capital costs relating to the Public Entity Led development approach option are detailed in Table 18. The capital cost estimates provided are high-level concept estimates, based on feasibility design information. No physical investigations have been undertaken. The estimates therefore have a high degree of cost and revenue uncertainty associated with them and should be treated as a statement of absolute cost, intended for comparative purposes between options only. Refer to the Cost Estimate Report, Appendix 3 for further details.

Table 17: Public Entity Led Development Approach Summary of Wharf, Public Realm, Infrastructure Zones and Building Platforms

<table>
<thead>
<tr>
<th>Zones</th>
<th>Area</th>
<th>#</th>
<th>Building (ground floor areas)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Wharf and Public Realm - East Fryatt Street</td>
<td>1</td>
<td>s 9(2)(b)(ii)</td>
</tr>
<tr>
<td>B</td>
<td>Wharf and Public Realm - West Fryatt Street</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>Ferry Access</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>Wharf and Public Realm - Wharf Street</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>Wharf and Public Realm - South Wharf Street</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>Wharf and Public Realm - West Birch Street</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>G</td>
<td>Wharf and Public Realm - East Birch Street and Dry Dock</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>H</td>
<td>Wharf and Public Realm - Kitchener Street</td>
<td>8</td>
<td></td>
</tr>
</tbody>
</table>
Table 18: Public Entity Led Development Approach Summary of Wharf, Public Realm, Infrastructure and Anchor Building Costs per stage ($ millions)

<table>
<thead>
<tr>
<th>Area / Description</th>
<th>Transitional Public Led</th>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Fryatt Street</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wharf Public Realm and Infrastructure</td>
<td></td>
<td></td>
<td></td>
<td>$ 9(2)(b)(ii)</td>
</tr>
<tr>
<td>West Fryatt Street</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wharf Public Realm and Infrastructure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainable Futures Initiative Building (Anchor Building #1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ferry Access</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wharf Public Realm and Infrastructure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ferry Terminal</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ticket Office</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wharf Street</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wharf Public Realm and Infrastructure (including Metro Playground)</td>
<td></td>
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<tr>
<td>Eco-Tourism Centre</td>
<td></td>
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<tr>
<td>South Wharf Street</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wharf Public Realm and Infrastructure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Office</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>West Birch Street</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wharf Public Realm and Infrastructure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waka / Apartments Building</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>East Birch Street and Dry Dock</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wharf Public Realm and Infrastructure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hotel 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cultural Centre – Building 1 (Anchor Building #2)</td>
<td></td>
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</tr>
<tr>
<td>Cultural Centre – Building 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cultural Centre – Building 3</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Kitchener Street</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wharf Public Realm and Infrastructure</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>TOTAL Wharf, Public Realm and Infrastructure Costs</strong></td>
<td>496</td>
<td></td>
<td></td>
<td>$ 9(2)(b)(ii)</td>
</tr>
</tbody>
</table>

Operational costs will be evaluated as part of the detailed business case.

16 The capital costs of the Sustainable Futures Initiative are subject to the success of the proposed fundraising campaign, outcomes of engagement to identify user requirements, final building architecture form and function, and all relevant governance approvals.
5.2 Indicative Programme

The Public Entity Led Approach for the Dunedin Waterfront Development has been defined in a high-level programme. The programme defines the sequence of development with the timescale as quarters of each financial year.

The programme could occur over a short time frame, estimated at 5 – 15 years, based on a simplified estimate of timeframes, sequencing the building platforms and public realm, over three stages. Refer to previous section for details and illustrations of the sequencing over three stages, and the overall Transitional Masterplan.

The programme includes several assumptions, but critically:

a. Design and Consenting occurs in advance of Land Amalgamation
b. Land Amalgamation is completed prior to commencing Physical Works on site
c. Operational retreat (including 12 Wharf Street) from the southern side of Steamer Basin complete within three years

The programme aligns with the consenting strategy and funding stages, refer to the programme of works below.
Figure 12: Programme of Works
5.3 Capital Costs Cash Flow

The capital cost cash flow below in Table 19 directly correlates to the project programme with the costs built up from Cost Summary. Refer to the Cost Estimate Report, Appendix 3. All the built-up costs are divided equally by the number of months each activity runs for based on the programme. The Professional Fees and Environmental Compliance costs are spread across the design activities for each area. The Contingency is spread across each of the areas in the same way as the demolition or construction activities. The Landscaping estimate is spread evenly across five separate public realm areas for ease of distributing the overall landscape cost.

Table 19: Cash Flow of the Public Entity Led Approach Waterfront Development

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Stage One</td>
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</tr>
<tr>
<td>Stage Two</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Stage Three</td>
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<td></td>
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<td></td>
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</tbody>
</table>
5.4 Funding Breakdown

The capital costs, (excluding OPEX) and the proposed source of funding is included in Table 20: Funding Sources.

It is proposed to only seek funding for Stages 1 and 2 for the Provincial Growth Fund.

Table 20: Funding Sources

<table>
<thead>
<tr>
<th>Funding Requirements</th>
<th>Initiation</th>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provincial Growth Fund</td>
<td>17</td>
<td>32</td>
<td>54</td>
<td>-</td>
<td>103</td>
</tr>
<tr>
<td>Dunedin City Council</td>
<td>s 9(2)(b)(ii)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University of Otago</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Public Entity/ Philanthropic Venture</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Port Otago Limited</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Matched Funding Ratio</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
6 Outline Management Case

6.1 Single Entity Delivery Models

A single entity delivery model is required to

- Provide the right level of resourcing, capital, and commercial capability
- Ability to amalgamate land under commercially viable terms
- Ability to facilitate development with the private sector

The key principles required for the formation of a single entity delivery model are;

- Independent governance structures with clear goals and objectives
- Realistic timeframes
- Sufficient capital to allow it to achieve its mandate
- A mixture of place and people related strategies
- Sufficient scale to attract appropriately qualified staff and achieve economies of scale
- Skills and capability of the person who heads the Agency Board
- Close monitoring of the agency by the 'parent' entity to avoid financial problems for the 'parent'.

6.1.1 Typical Governance Structures of Urban Regeneration

Good Practice Review of New Zealand Governance Structures

New Zealand local government has used a variety of mechanisms to achieve urban regeneration. The devolution of some of the powers held by local government into an entity to attract private investments into large and derelict locations (brownfield sites) has been a feature since the mid1980s.

Waterfront Auckland Ltd

Waterfront Auckland Ltd was established by Auckland City Council under a UDA model. It was later superseded by Panuku Development Auckland, a UDA with a mandate to oversee the redevelopment of Council policy in a manner consistent with Auckland Council's urban policy objectives. Panuku Development Auckland is a CCO formed by merging two existing CCOs, in the "super city" creation of 2010.

Wellington Waterfront

Wellington City and Wellington Harbour Board established a local authority trading enterprise (LATE) to develop Wellington Waterfront. This body was later superseded by Wellington Waterfront Limited (a Wellington City Council CCO). The management role performed by the Wellington Waterfront Limited was passed back to Council in 2014 and management of the Waterfront project assets was brought back in-house. The Council is now the manager of the Waterfront project.

In both Auckland and Wellington, a key focus of the UDAs was developing the vision. In the case of Dunedin's Waterfront, the city has been gifted a draft vision for the harbour basin edge. So, in this case, the UDA would be geared towards delivery and facilitation of development.

The Labour-NZ First-Greens Coalition government has also talked positively of UDAs and their role in placemaking and urban revitalisation.
6.1.2 Delivery Options

The delivery options for the development are listed in Table 21.

Table 21: Single Entity Delivery Options

<table>
<thead>
<tr>
<th>Delivery Option</th>
<th>Description</th>
<th>Pro’s</th>
<th>Con’s</th>
<th>Ranking against Principles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joint Venture</td>
<td>Joint Venture between Private Sector Developer and DCC or another Partner</td>
<td>Typically used for developments for funding / developer JV’s.</td>
<td>Typically profit driven, not community and objectives driven.</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Legal requirements for CCTO’s entering into JV’s</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Loss of control of vision if other Partners (Landowners) enter into JV without Council</td>
<td></td>
</tr>
<tr>
<td>Partnership Model</td>
<td>Partnership formed with ORC, POL, DCC</td>
<td>Continues strong partnership model</td>
<td>Potential conflict between regulatory obligations and development</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Governance structures are difficult to resolve to provide agile response to private sector market</td>
<td></td>
</tr>
<tr>
<td>Urban Development Authority</td>
<td>Establish a UDA to implement the transitional use and vision</td>
<td>Commonly used model, understood by development sector, right balance of control and accountability</td>
<td>Operational costs, and balance sheet exposure during early set up with land amalgamation</td>
<td>4</td>
</tr>
<tr>
<td>Private Sector Led</td>
<td>Traditional development approach taken by current Landowners, e.g Sale of Land</td>
<td>Low risk to DCC and Partners</td>
<td>Difficult to attract public sector funding for public realm and infrastructure</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Long time frames for delivery</td>
<td></td>
</tr>
</tbody>
</table>

6.1.3 Preferred Way Forward

The preferred option is the establishment of an Urban Development Authority. It is recommended that the land acquisition and capitalisation of the UDA is completed prior to becoming operational.

Purpose

The UDA would have the overall purpose of developing the Dunedin Waterfront (focussed around the Steamer Basin and possibly other areas of Harbourside South), ensuring that commercial imperatives are kept in sight, while delivering on the vision agreed by key stakeholders, with positive feedback from the community.
Governance
The UDA would be governed in the first instance by a Board comprised of people with commercial interests.

Accountability and Reporting to Council
The UDA could be accountable to Dunedin City Council overall, via a simple and commercial process. This could be via a sub-committee, direct to council, or via governance tools, such as Letter of Expectations and Statement of Corporate Intent.

Key Activities
The UDA could be responsible for the following key activities:

- Addressing/reducing consenting risk associated with the future development of the vision.
- Preparing detailed business cases for core infrastructure and base development.
- Assisting with rationalising ownership title ownership titles / structures.
- Purchasing and assembling sites for development or release to the market.
- Coordinating and advancing the relevant planning consents before going to market for key development components of the vision (pre-consenting).
- Establishing development partnerships / agreements.
- Making the best use of public sector assets and guiding public and private investment.
- Encouraging private sector investment by providing infrastructure and ensuring development decisions are predictable and timely.
- Monitoring the delivery of major Council initiated projects and associated works (e.g. bridge, road realignments and public spaces).
- Acting as Council’s development advocate / developer facing function where support and / or coordination with Council activities are required.

Master Planning Function
The UDA should have the ability and mandate to provide Master Planning for a wider area in conjunction with the private sector, and in collaboration with DCC to achieve the wider outcomes, and reverse sensitivities relating to the development.

Technical Advisory Group
The UDA may have a small core group of staff (with project management and commercial expertise) and be supported by a panel of professional contractors able to provide professional support as needed for the technical team. This panel would likely cover project management; urban design; architecture; legal services; resource management; marine ecological services; cultural and archaeological specialists; civil engineering; traffic engineering and development services.

It is anticipated that Architecture Van Brandenburg as designers or the vision, may have a role in this group to provide design review for consistency with the architectural intent. However, it is not proposed to enforce strict compliance with the proposed design, as this will create a significant hurdle to investors.

Costs
Initial indications based on the Wellington Waterfront Agency and Development Christchurch Limited are that a UDA could cost in the order of $1M - $3M per annum to operate, depending on the approach to resourcing. More detailed analysis of costs are required. The UDA costs should cover all project management, design, consenting and land amalgamation costs not covered under the project initiation funding.
6.2 Public Entity Owned Buildings

The ownership of the public entity buildings is still to be resolved, however, there may be a requirement to include key building owners in the governance model. It is important that the development continues to achieve the vision of the development, and this extends to the use of the spaces, activation of the wider area, an events/conference programme to support the complementary uses and transport connections.

6.3 Development Agreement Principles and Milestones

The key development agreement principles that should be considered for taking the remainder of the non-public led development to market are;

- Consistency of information, process, and procurement for all parties
- Certainty of procurement outcome, i.e. that the UDA will complete all of the obligations required of it, and that funding is available
- A robust, but not overbearing procurement process that identifies the right party, with the right track record, and capability to deliver on the non-profit outcomes
- Fair risk allocation between the parties, and a documented allocation for the procurement process
- Clear guidelines for the design intent required from the developer to achieve the master plan outcomes
- A clear land valuation process that identifies the approach and principles between the parties
- Reasonable openness around the target profit, and potential for sharing of super-profits
- A reasonable timeframe for the procurement process (4 – 8 weeks)
- A reasonable timeframe for the decision-making process (4 – 8 weeks)
- Clarity on the scope (overall development, or individual blocks)
- Early selection of the preferred parties either via selected tendering/single stage procurement and negotiation, or open tendering/single stage procurement and negotiation

A good example of a working development agreement is Hobsonville Land Company. The Hobsonville Point project, which has around five years until completion, will number 4,500 homes and 11,000 residents. Developers were selected through a development agreement approach which;

- Resulted in several private developers reaching a development agreement and delivering the commercial outcomes that comply with the overarching master plan and design intent
- Clarifies requirements relating to social, economic and environmental sustainability
- Demonstrates that high quality urban design and affordable housing can be compatible with a commercially-driven approach to land and property development
- Includes innovation through the Axis Series programme, where builder partners must deliver at least 20% of all homes at Hobsonville Point at or beneath $650,000. These homes are sold to eligible first homebuyers through a ballot system.

6.3.1 Pre-Development (Hold Point)

- Consultation on development
- Market sounding and engagement on anchor use
- Consenting of building platform
- Consenting of building use
- Pre-consenting of building envelope
- Due diligence and independent market valuations to support acquisition process
- Complete design for a transitional use and sequencing of public realm
- Facilitate public-private development agreements
- Confirm timeframes and capital requirements
- Marketing for anchor tenants

6.3.2 Development Phase (Hold Point)
- Transfer of land to UDA through conditional sale and purchase agreements
- Amalgamation of key land parcels and cadastral/legal creation of development blocks
- Demolition and construction of public realm once Development Agreement is finalised