

CENTRAL CITY PLAN BUSINESS CASE UPDATE

Department: Portfolio and Project Support Office

EXECUTIVE SUMMARY

- 1 The purpose of this report is to recommend the next steps for the Central City Plan (CCP), with options for Council to consider.
- 2 Staff do not think developing a full NZTA business case for the CCP as requested in December 2023 is the best approach at this time.
- 3 Instead, this report offers an alternative on what staff could deliver for over the coming years while a development of a business case and most physical works are on hold.

RECOMMENDATIONS

That the Council:

- a) **Approves** a pause on development of a NZTA-level business case but continues preparatory work and the review of the Central City Plan

BACKGROUND

The Central City Plan

- 4 The CCP was developed in 2013-2014. The Plan was created to coordinate development of underground and above ground infrastructure in the central city area over the following 10-15 years. It established a vision for the central city and an integrated series of initiatives and changes designed to work towards this vision.
- 5 The audience of the CCP was intended to be the DCC, other government agencies and public organisations, funders, private sector developers, businesses, and the community.
- 6 The CCP divided the central city area into broadly themed quarters, with specific “transformational” projects in each. These transformational projects were the transport or urban design projects identified as priorities in 2013-2014. The table below summarises the quarters, transformational projects and their status.

Quarter	Transformational projects	Status
Warehouse Precinct	Vogel Street and Bond Street amenity improvements	Vogel St complete
		Bond St still to complete

	Strategic corridors: Warehouse Precinct accessibility improvements	Complete*
	Queens Gardens upgrade	Not started
Retail Quarter	George Street amenity and safety upgrade	Complete
	Central city bus hub	Complete*
Creative Quarter	Princes Street amenity and safety upgrade	Not started
	Exchange Square upgrade	Not started
	City to Harbour connection	Draft indicative business case completed
Cultural and Entertainment Quarter	Octagon upgrade	Not started
	Lower Stuart Street amenity and safety upgrade	Not started

- 7 A graphic showing the key transformational projects outlined in the CCP is included as Attachment A.
- 8 Note, due to changing use or new proposals, some of the completed projects marked with an asterisk may require review and additional investment in future.
- 9 CCP implementation commenced in the Warehouse Precinct where staff worked closely with building owners, residents, and businesses to develop a Revitalisation Plan containing initiatives to support change in the area. Following minor amenity improvements in Vogel Street and Jetty Street, plans for amenity improvements in Bond Street were put on hold until greater clarity around the neighbouring Exchange Square and Queens Gardens upgrades were finalised. This work remains on hold.
- 10 From 2017, DCC's focus moved to the Retail Quarter and the substantial 3 Waters and Transport upgrades required in the area. Implementation commenced in 2021 and was substantially complete by 2024.
- 11 Externally, the ORC developed the bus hub in 2019. This project had been identified as a key transport project within the CCP.

Previously approved next steps

- 12 In 2023 attention turned to the question of which project should follow completion of the Retail Quarter. While a 2017 report to Council suggested a sequence of projects, in 2023 Councillors raised questions about whether this prioritisation remained relevant and the status of the Octagon and other non-funded projects within the CCP (Queens Gardens and Princes Street south of Rattray Street).

- 13 At its meeting on 5 December 2023, the Council resolved that a business case for the remainder of the CCP projects would be prepared in the 2024/2025 year and would be used as a basis to review the Central City Plan, including the proposed projects and prioritisation.

DISCUSSION

- 14 The funding and budget environment has changed significantly since the request for a full business case in December 2023.
- 15 Not only is the DCC budget situation more constrained, but the NZTA investment priorities and funding opportunities have also changed. Under the current Government Policy Statement on Land Transport (GPS) and Regional Land Transport Plan (RLTP) there are few opportunities for funding.
- 16 The Government has already signalled in its spending priorities that there is little funding available in the South Island in the coming three-year period. NZTA has not included the business case or implementation of the CCP in its National Land Transport Plan (NLTP). The only project in the CCP area included in the NLTP is the Princes St bus prioritisation project. Subject to endorsement of the business case this is likely to be co-funded.
- 17 Pedestrian and cycling benefits and the types of place-enhancing works outlined in the Central City Plan do not align with signalled priorities for Government transport spending. The types of safety interventions the DCC has previously implemented in the central city are also unlikely to attract funding.
- 18 Staff could continue to develop a business case in advance of potential changes to funding priorities or to prepare for future funding rounds. This work would not be co-funded by NZTA and would require reallocation of existing Transport budgets.
- 19 There is also a risk in doing so. The business case process will be reviewed and the shape of future business case requirements unknown. While Government funding priorities may evolve over time, it is also difficult to predict what future funding criteria might be and whether these align better to Central City Plan priorities. Modelling data, analysis and other information included in a Business Case developed for future submission could be out of date or not align with Government priorities by the time it was submitted, requiring re-work and additional DCC expenditure to update it.
- 20 For these reasons, staff recommend pressing pause on the development of NZTA business cases for both the Waterfront Bridge and CCP and take an alternative approach, discussed below. This pause can be re-evaluated annually, or if funding changes occur.

Proposed alternate deliverables

- 21 Staff recognise that Council would like to maintain some momentum in the central city, while funding constrains large investments. On this basis, the following work can continue while the formal NZTA business case is paused.
- a) Review of the Central City Plan document by the end of 2025, including:
- A matrix showing alignment between other projects in the central city and opportunities to deliver amenity improvements through other projects;

- A revised suggested prioritisation of areas in the central city for future investment;
 - A list of potential transport and amenity interventions for each priority area with high level costs for different levels of investment (high, medium, low) and staging options;
 - A list of potential soft “options” and suggested budget to support continued revitalisation in other quarters of the central city while larger-scale infrastructure works are on hold, including targeted support for businesses and building owners; and
 - Discussion of any alternative funding sources or options for encouraging enhancement/regeneration of key areas of the central city.
- b) Coordination with the Princes St Bus Prioritisation and Walking and Cycling Network review projects to develop opportunities to deliver coordinated amenity and transport improvements (subject to central city capex budget availability).
- c) Continued updates to modelling and research data likely to be required for future business cases.
- d) Continued collaboration with other DCC work areas (such as Property, Carbon Zero and the Housing Action Plan implementation) and the private sector to achieve positive community benefits in projects within the central city.
- e) Engagement with stakeholders and the community to begin issues and opportunities identification and design visioning for spaces in the central city.

OPTIONS

Option One – Pause development of a NZTA-level business case and deliver high-level information for continued Council planning

- 22 In this option, staff would undertake the rationalised level of work detailed above, presenting an updated CCP document, coordination with other projects in the central city, research and data collection, and commence initial stakeholder engagement.

Advantages

- Acknowledges current funding constraints while still making some progress on CCP planning.
- Will increase emphasis on affordable short-term solutions and better ground truth whether larger investments are required.
- Will encourage greater cooperation between teams and reduce risk of duplication of efforts/spending planning or works in the central city.
- Maintains momentum in planning work towards future implementation of the CCP.

Disadvantages

- Councillors will have less technical information upon which to base decision-making for any funding decisions.
- Any costs provided will be high level and subject to variances.

Option Two – Continue work on business cases for the CCP as previously resolved by Council

23 This approach would continue planned work on a business case for the CCP. This could potentially be achieved by the end of the 2024/2025 year, but only with the reallocation of internal resources and Transport funding.

Advantages

- Council would have more technical information to help guide decision-making regarding future investment in the central city area.
- Maintains momentum in planning work towards future implementation of the CCP.

Disadvantages

- Will require a diversion of budget and staff resource from other Transport projects.
- There remains no guarantee or strong likelihood of NZTA of funding in the short- to medium-term, and re-work of the business case would be likely for any future resubmission.

Option Three – Delay any further work on the CCP until NZTA funding is again available

24 This approach would halt any further development, investigation or implementation on the CCP until the project is again included in the NZTA RLTP and the potential for co-funding improves.

Advantages

- Frees up staff resource for work on other projects
- Avoids spending that could have potential for co-funding in future

Disadvantages

- It is unclear when the external funding environment will improve and momentum in the central city could be lost in the interim
- Continues to focus on relatively costly business cases and larger scale works, when some lower-cost interventions could support CCP goals, particularly in the short- to medium-term.

NEXT STEPS

25 Staff will advance the option selected by Council.

Signatories

Author:	Glen Hazelton - Project Director, CCP and Major Projects
Authoriser:	Josh Von Pein - Engineer to Contract - Independent Verifier

	Robert West - General Manager Corporate Services Scott MacLean - General Manager, Climate and City Growth
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Attachments

	Title	Page
A	Key CCP transformational projects	

SUMMARY OF CONSIDERATIONS

Fit with purpose of Local Government

This decision enables democratic local decision making and action by, and on behalf of communities.
This decision promotes the social well-being of communities in the present and for the future.
This decision promotes the economic well-being of communities in the present and for the future.
This decision promotes the environmental well-being of communities in the present and for the future.
This decision promotes the cultural well-being of communities in the present and for the future.

Fit with strategic framework

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
Economic Development Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
Environment Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
Arts and Culture Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
3 Waters Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
Future Development Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
Integrated Transport Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
Parks and Recreation Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
Other strategic projects/policies/plans	✓	<input type="checkbox"/>	<input type="checkbox"/>

The Central City Plan project contributes to key elements of Council's Strategic Framework.

Māori Impact Statement

There will be a greater focus on working with mana whenua on the revision of the CCP, than in the earlier version, reflecting the interest of mana whenua in the area.

Sustainability

Sustainability and the Council's carbon zero goals will be forefront of planning in the Central City Plan.

LTP/Annual Plan / Financial Strategy /Infrastructure Strategy

The Retail Quarter project was previously funded within the 10 year plan 2021-31.

Financial considerations

Undertaking Business Cases at this time would require additional opex funding to be included in the budget and it is not assessed that there is a likely return on investment at this time.

Significance

The report is considered low in terms of Council's Significance and Engagement Policy.

Engagement – external

There has been external engagement for previous phases of the CCP and this report suggests further engagement for future planning. No external engagement has occurred on the proposal to pause development of the business case.

Engagement - internal

This report recommends the team to work collaboratively across all teams working in the central city to develop a rationalised list of projects for the 9 year plan.

SUMMARY OF CONSIDERATIONS

Risks: Legal / Health and Safety etc.

There are no identified risks.

Conflict of Interest

There are no identified conflicts of interest.

Community Boards

There will be interest from all parts of the city, but no specific matters identified for Community Boards.

Central City Plan

Key transformational projects

