Councillor Workshop

4 August 2020
Agenda

• Introduction and recap
  o 2017 Resolutions
  o 2019 CEO commitment
• The 2017 Decision
  o The Council’s Rationale in 2017
  o WCC affected land
  o Infrastructure costs in 2017
• Key Commercial Terms of the Proposal
  o Key Commercial Term Areas as of 2017
  o Counterfactual – WCC responsibilities
  o Road engagement approach
• Next steps
Introduction and Recap
Agreed to by Councillors in 2017

16 items were noted, agreed or requested. Of most significance:
• Sell 0.3 hectares
• Lease 0.6 hectares including Shed 8 and the Shipwright’s Building
• Prepare a development agreement
• Delegate authority to CEO and Deputy Mayor to finalise and execute agreements

The CEO’s commitment in 2019

Not exercise the delegation afforded him on 27 September 2017. Instead bring back to councillors a consideration in respect of:
• The key commercial terms of the of the proposal
• The approach to Shelly Bay Road
• Refer 2017 resolutions for amendment or rescinding if required
Existing Development
Outline of what buildings currently exist
Proposed Development
Shelly Bay - Existing
Shelly Bay – Proposed
Developer's impression of the proposed development
The 2017 decision
The Council’s Rationale in 2017

- Support housing development in Wellington City
- Adaptive reuse of buildings
- Iwi partnership
- Infrastructure renewal and upgrade
- Public amenity – e.g. green spaces
- Unlocking potential value of Council land
What land is affected?

Two parcels proposed for transfer overlaid against the existing WCC titles.

- **Seaward parcel.** 6,000 sqm, 125 year ground lease. $5.5m
- **Landward parcel.** 3,000 sqm, Freehold sale. $2.5m
Apportionment of WCC Infrastructure Costs in 2017

If infrastructure costs increase the developers share of costs will increase due to the WCC $10m cap on infrastructure
2017 joint infrastructure costs ($20m)

- Public Realm, $6.7m
- Shelly Bay Stormwater, $0.36m
- Shelly Bay Rd Upgrade, $1.4m
- Cutting/Miramar Ave Intersection, $0.6m
- Sea Wall, $0.7m
- Water supply/waste water, $10.0m
- Rounding/Contingency, $0.32m
Key Commercial Terms
Key Commercial Term Areas as at 2017

- Sale
- Ground Lease
- Survey and Disposal
- Land Transfers
- Public Access
- Retention of buildings
- Payment milestones
- Infrastructure (three waters, road and signals, seawalls and public realm)
- Parties to the agreement
Key Commercial Term Areas as at 2017

• Conditions precedent – conditions to be met before agreement goes unconditional, including Housing MOU & Little Blue Penguins
• Development Contributions
• Contamination
• Contracting and Procurement
Counterfactual – WCC responsibilities
## Party Responsibility

<table>
<thead>
<tr>
<th>Component</th>
<th>Development not proceeding - Council responsible for:</th>
<th>Total Est. (as at 2020):</th>
<th>Development proceeding - Council responsible for:</th>
<th>Total Est. (as at 2017 - proposal considered by Cllrs):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sea Walls</td>
<td>Full cost (largely within next 5 years)</td>
<td>TBC – Oct 2020</td>
<td>50% of (up to cumulative $10m cap)</td>
<td>$0.70m</td>
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<tr>
<td>3 Waters</td>
<td>Regular asset maintenance</td>
<td>Operating Costs only (if no further dev.)</td>
<td>50% of (up to cumulative $10m cap)</td>
<td>$10.35m</td>
</tr>
<tr>
<td>Public Realm</td>
<td>Regular asset maintenance.</td>
<td>Operating Costs only (if no further dev.)</td>
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<td>$6.70m</td>
</tr>
<tr>
<td>Road and signals</td>
<td>Regular asset maintenance.</td>
<td>Operating Costs only (if no further dev.)</td>
<td>50% of (up to cumulative $10m cap)</td>
<td>$2.00m</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>TBC – Oct 2020</strong></td>
<td></td>
<td></td>
<td><strong>$19.75m</strong></td>
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<tr>
<td>Buildings</td>
<td>Full costs and ongoing management (Regulatory &lt; 10 years). Minimum</td>
<td>TBC – Oct 2020</td>
<td>Transfer liability of remediation, strengthening and maintenance to developer</td>
<td>$2.25m – does not include strengthening</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>TBC – Oct 2020</strong></td>
<td></td>
<td></td>
<td><strong>$22.00m</strong></td>
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</table>
Road Engagement – Responding to the 2017 Resolution

Option 1

Officers will bring back Key Commercial Terms to Council

Councillor decision Oct 2020
Including instructions to officers to analyse what the decision means to the development and the way forward for the road

Option 2

Short list 3 options

Stakeholder input (within constraints of current Judicial review)

Bring back October 2020
Next steps subject to Councillor decision
Next Steps

• Continue negotiating the commercial terms
• Recommendations for consideration in October 2020