

Councillor Workshop

4 August 2020

Agenda

- Introduction and recap
 - 2017 Resolutions
 - 2019 CEO commitment
- The 2017 Decision
 - The Council's Rationale in 2017
 - WCC affected land
 - Infrastructure costs in 2017
- Key Commercial Terms of the Proposal
 - Key Commercial Term Areas as of 2017
 - Counterfactual – WCC responsibilities
 - 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

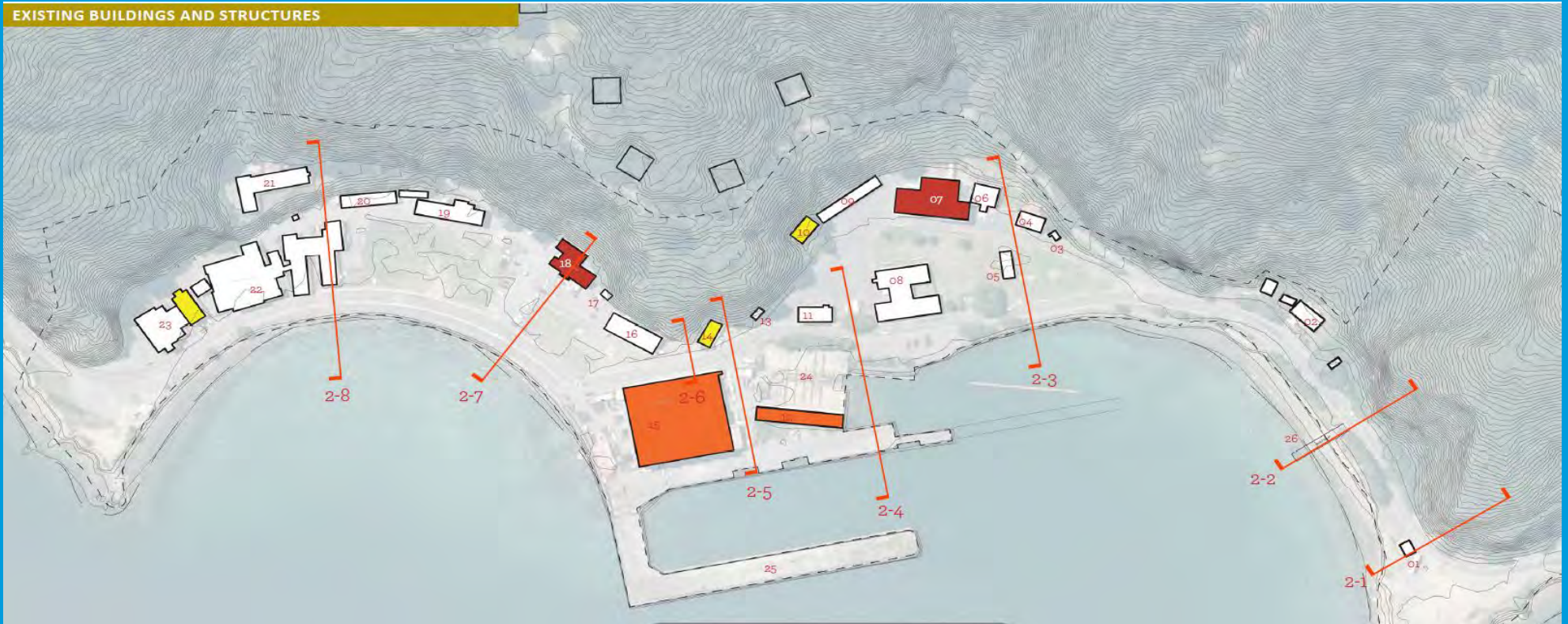
The CEO's commitment in 2019

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

BUILDING TYPE PLAN



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.



Landward parcel. 3,000 sqm,
Freehold sale. \$2.5m

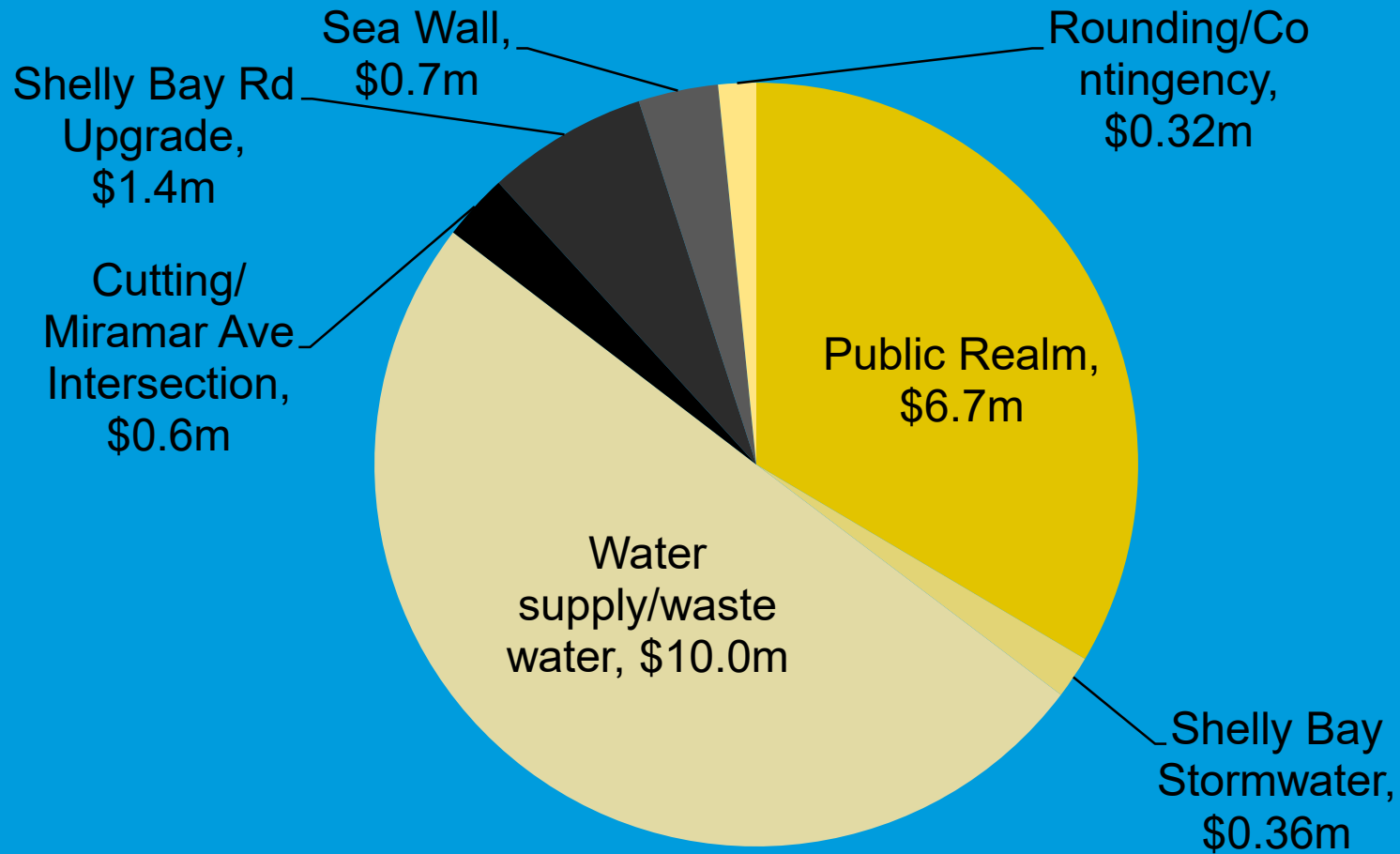
Seaward parcel. 6,000 sqm,
125 year ground lease. \$5.5m

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)



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

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

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