

COVERSHEET

3.15 Hastings Eastside Masterplan		For: Approval	
Applicant:	Hastings District Council ("HDC")	Pipedriver ID #	Commercial Information
Entity Type:	Local Authority	PGF Funding Sought:	\$ Commercial Information
Region	Hawkes Bay	Total Project Value:	\$ Commercial Information
Tier:	1 - Regional	Co-contribution rate:	Commercial Information % as per the application
Sector:	Feasibility Study and Business Case	Funding Structure:	Grant

We recommend that SROs:

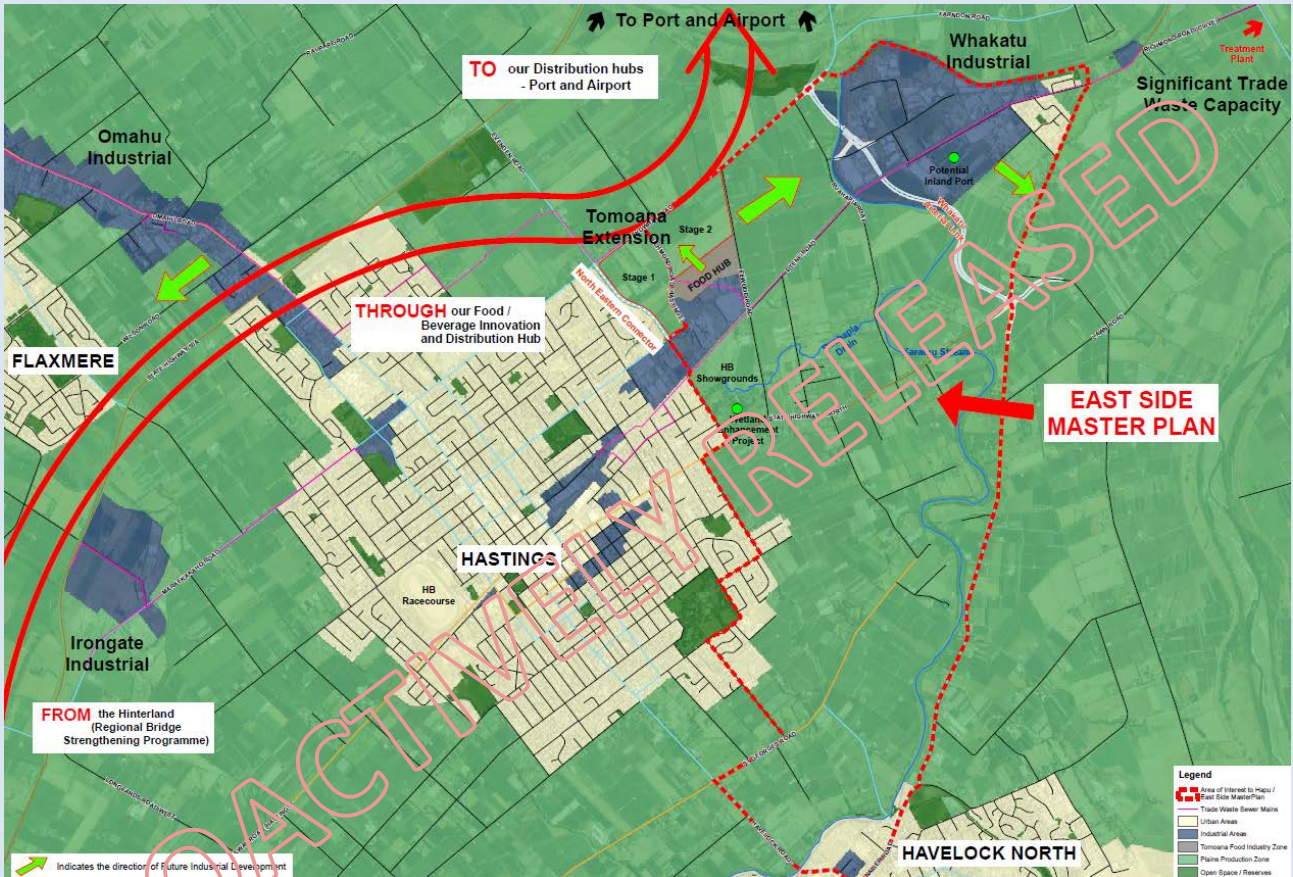
- a) Approve** up to \$600,000 (noting that this is less than applied for) from the PGF towards the elements of the Hastings Eastside Masterplan that target productivity potential and deliver jobs, subject to:
- Agreement that competitive quotes to complete the work must be received and a commitment from the HDC to fund any potential cost overruns.
 - Confirmation that key elements of this project, which enable the acceleration of projects in the area, will be completed within an accelerated timeframe of Commercial Information (HDC stated Commercial Information).
 - Should HDC not have immediate budget capacity, committing to any remaining elements of the Eastside Masterplan over 2 years.
- b) Note** that although the applicant has requested \$ Commercial Information, we would recommend approving a maximum of up to \$600,000 (based on quotes received) to elements of the plan to allow for a more balanced co-contribution from council. The aim of this approach is to allow HDC to accelerate the elements of the plan that better support potential employment growth in the Eastside area initially, and fund the other elements of the plan thereafter from council resources.
- c) Note** the relative financial constraints that HDC is operating under Commercial Information
- d) Consider** that although the applicant considers their co-contribution to be \$ Commercial Information, it appears that \$ Commercial Information of this amount is in respect of salaries of staff that are already employed by HDC and \$ Commercial Information is in respect of sunk costs.
- e) Consider** indicating to HDC that any further planning initiatives that are not directly linked to projects will not receive further support from the PGF.

Proposal:

- HDC wants to accelerate an Eastside Masterplan to unlock opportunities in the Hastings Eastside area. This is to ensure that the HDC is in a position to deliver appropriate services and infrastructure in the area for economic and community development, and economic resources are efficiently used to drive growth

and employment. This application also covers a significant development corridor for the council and includes the **Commercial Information** and other proposed expansionary activities.

- This Project is to develop a feasibility study around the development of the area and a limited business case to identify opportunities that flow from this.



- As this is a feasibility study and business case it is not something typically funded by banks. Although this will probably be undertaken by the council in time, this proposal is for the accelerated adoption of this plan. HDC estimates that correctly unlocking this areas potential could add **Commercial Information** jobs, largely in the agricultural industry.

Assessment against the PGF criteria:

Eligibility Criteria

This application is eligible for PGF funding and the main alignment to PGF criteria this project relates to is that it advances the preparation for an area that has the potential to create Jobs

Productivity Potential

The Eastside Masterplan encompasses a complex mix of productivity-lifting and job creation priorities for this area, requiring a programme of action in order to fully unlock opportunities and outcomes for area of East Hastings. This includes preparation to better provide support for the **Commercial Information** and future industrial expansion, the North Eastern Connector road project, the Whakatū Arterial Link, the inland port distribution hub, further Whakatū area business expansion, repurposing of the Showgrounds Hawke’s Bay Tomoana, including potential wetland enhancements and Waipatu community plan implementation.

Policy objectives and regional priorities		
This application has alignment with Matariki, Hawke's Bay's regional economic and social inclusion strategy as it relates to becoming a beacon for investment, new business and skilled migrants, as well as improving pathways through employment.		
PGF Criteria	Assessment Commentary	Rating (0✓ to 5✓)
Link with fund and government outcomes		
Creates permanent jobs	<ul style="list-style-type: none"> Initially work will be created for a number of local consultancies (as outlined in the table on page 4-5). however, longer term there is an expectation that unlocking this area could create over Commercial Inf jobs. 	✓✓
Delivers benefit to the community	<ul style="list-style-type: none"> There are elements of the plan that provide other benefits to community such as the ecological, environment, soils, streams report. 	✓✓
Increased utilisation and returns of Maori asset base	<ul style="list-style-type: none"> Not evident 	
Enhanced sustainability of natural assets	<ul style="list-style-type: none"> The project includes planning around how to more sustainably use water and land. 	✓✓
Mitigation of climate change effects	<ul style="list-style-type: none"> N/A 	
Additionality		
Adding value by building on what is already there	<ul style="list-style-type: none"> It will accelerate the process for development of the Eastern border of Hastings. 	✓✓✓
Acts as a catalyst for productivity potential in the region	<ul style="list-style-type: none"> It aims to create an industrial hub inclusive of the Commercial Information, the North Eastern Connector road project, the Whakatū Arterial Link, the inland port distribution hub, further Whakatū area business expansion, repurposing of the Showgrounds Hawke's Bay Tomoana, including potential wetland enhancements and the Waipatu community plan implementation. 	✓✓
Connected to regional stakeholders and frameworks		
Alignment with regional priorities	<ul style="list-style-type: none"> It aligns with Matariki, Hawke's Bay's regional economic and social inclusion strategy as it relates to becoming a beacon for investment, new business and skilled migrants, as well as improving pathways through employment. 	✓✓✓
Support from local governance	<ul style="list-style-type: none"> HDC is the applicant and strong support is 	✓✓✓

groups (inc. Councils, Iwi/Hapu)	anticipated.	
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Governance, risk management and project execution

Robust project management and governance systems	<ul style="list-style-type: none"> It will be managed by HDC’s project management team with appropriate council governance. 	✓✓✓
Risk management approach	<ul style="list-style-type: none"> Costs seem high and HDC’s ability to commit to acceleration may need to be managed, but PDU’s recommendation to contractually deal with this and share expenditure should deal with this concern sufficiently. Other risks seem fairly well considered 	✓✓
Future ownership / operational management	<ul style="list-style-type: none"> It will form part of HDC’s planning process. 	✓✓✓✓

Analysis of the benefits and costs

HDC is committed to the Eastland Masterplan area. As part of business as usual work, HDC has confirmed a \$^{Commercial Inf} wastewater trunk main renewal in the area, and has also been a significant contributor to the Whakatū Arterial Link (c. \$^{Comme}).

As part of this project specifically, HDC has funded a Pre-Feasibility economic assessment ^{Commercial Informat} and committed to funding the Waipatu Community Study, which is already underway ^{Commercial Information}. HDC has also hired an additional Project Manager who will lead this as the Council Project Manager, and will utilise the Manager of Strategic Projects and Partnerships as key support as Project Sponsor ^{Commercial Information}

The following table lists the proposed deliverables from HDC with those that the PDU recommends advancing at HDC’s cost or potentially advanced by council at a later date if budget is not available ^{Commercial Information}. We would still recommend that the HDC commits to these elements of the plan, but they could potentially do so over a longer timeframe. This results in a more balanced PGF contribution of ^{Commercial Information} requested ^{Commercial Information}

Cost Description:	\$ (excluding GST)	Funder
Commercial Information		

Commercial Information

This level of PGF funding (“\$^{Commercial information}”) should enable the acceleration of the support to the area, but does potentially reduce the speed with which other elements of the plan (of less economic priority to the community) will be executed. It should however, better position the HDC to deal with the infrastructural requirements anticipated to support growth in the eastern areas. By increasing the employment level and rates base, this support should also put the council in a better position to support the initiatives that could not be prioritised at this stage.

Financial Analysis

Commercial Information

Funding Arrangements

To accelerate delivery, funding is expected to be granted upon delivery of milestones with a limited upfront payment.

Due Diligence and Ownership

- As HDC is a local authority, due diligence is completed by DIA.

Risk Assessment

The key risks identified and proposed mitigations of this investment are as follows:

Type of risk	Risk description	Mitigations	Risk Rating L/M/H
1	Consultant doesn't deliver project in terms of expectation (depth of analysis, timeframes, reporting).	<ul style="list-style-type: none"> - Council Project Manager and supporting project governance structure to ensure effective oversight. Robust contractual arrangements, terms of reference, and payment terms with the contractor including performance measures and milestones will be a particular focus. 	Medium
2	Additional funding may be required depending on the final scope and successful contractor post tender.	<ul style="list-style-type: none"> - The original application included a % contingency fund to account for this. The PDU would require a commitment from the HDC to fund potential cost overruns. 	Medium
3	TANK group recommendations around water management may impact development plans.	<ul style="list-style-type: none"> - Adaption / Future proofing of water supply is a distinct work-stream in the Project Plan to capture this. 	High
4	Dependencies between each project and unknown timelines of each (e.g. where a project involves private sector development).	<ul style="list-style-type: none"> - Council Project Manager to act as Programme Manager / Assurance across all work-streams. Comprehensive stakeholder and communications plan required to capture key information and changes. 	Medium
5	Local Māori cultural opportunities, risks and impacts.	<ul style="list-style-type: none"> - The mana whenua stakeholder group identified will support as part of the project governance (including representatives from Commercial Information) - Forms a distinct work-stream during Feasibility. 	High
4	Stakeholders who aren't willing to engage, or have conflicting interests.	<ul style="list-style-type: none"> - Comprehensive stakeholder management plan and consultation post this (forms a 	High

		distinct work-stream during Feasibility).	
5	Issues with land use plan and changes to regulatory framework.	- Forms a distinct work-stream during Feasibility.	Medium
6	Unknown demand which can impact proposed GDP and employment.	- Determined via economic impact assessment.	Medium
7	Ecological, environmental, streams and soil impacts.	- Forms a distinct work-stream during Feasibility.	Medium
8	Rezoning consultation not supportive of proposed changes, resulting in appeals etc.	- Incorporate this into project plan and timelines, to account for potential delays.	Medium

Consultation undertaken or implications:

Ministry of Transport advised they have no comment to make as this is at too early a stage. The application was also sent to from MBIE and TPK for comment.

Supporting proposal:

Yes

Appendices:

Yes – Applications and supporting letters are as annexes

Author of paper:

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