

4.6 Evaluation, Cover Sheet and Decision Form

Project:	Te Wairoa E Whanake	FOR:	Approval
Applicant:	Wairoa District Council (WDC)	PDU ID:	Commercial Information
Application type:	Main PGF	(A) Total Project Value:	\$ Commercial Information (Assuming the urban design implementation is \$ Commercial Information)
Funding type:	Grant	(B) PGF Funding Sought:	Up to \$ Commercial Information
Entity Type:	Local Authority	(C) PGF Funding Recommended:	Up to \$4,800,000
Region:	Hawkes Bay	(D) Applicant Contribution:	Urban Design Plan - \$ Commercial Information Construction - \$ Commercial Information Urban Design Implementation: \$ Commercial Information (assuming the urban design implementation is \$ Commercial Information) TOTAL CASH - \$ Commercial Information
Tier:	1 - Regional	(D/A) Co-contribution Rate:	Comm %
Sector:	Regional Projects		
Application summary:	<p>The applicant seeks funding to implement four cornerstone projects under the 'Te Wairoa E Whanake' initiative. The combination of projects aims to catalyse economic development in Wairoa through revitalisation of the town centre as follows:</p> <ol style="list-style-type: none"> 1. Integrated Business and Tourism Facility 2. The Regional Digital Hub 3. Commercial Information 4. Commercial Information <p>The PDU has assessed the application and recommend the Commercial Information Commercial Information not be considered for funding from the overall project scope of Te Wairoa E Whanake. This cover sheet focuses on the Integrated Business and Tourism Facility only, as the Regional Digital Hub (\$400K of a total \$ Commercial Information) is being considered by SROs at its next meeting.</p>		

It is recommended that the IAP:

- **Support** the PDU recommendation to approve up to \$4,800,000 from the PGF towards the Integrated Business and Tourism Facility component of the 'Te Wairoa e Whanake' initiative, because this project:
 - Aims to transform two centrally-located, currently under-utilised buildings by concentrating economic activity - such as the visitor centre, start-up tenants, the Rocket Lab education centre, a potential showcase for local food and beverage - within a prime position in the township.

- Has potential to attract businesses & start-ups to the township which may lead to further talent attraction from different parts of the country, especially targeting younger professionals.
 - Has potential to attract passing traffic into the town centre, increasing visitor spend across the adjacent businesses.
 - Aligns with an Economic Development Report that the PGF previously funded which identified a regeneration of the town centre being an opportunity for driving economic growth.
 - Is critical to the success of potentially developing a robust town centre for the Wairoa district and diversify its economic activities from the traditional agriculture, forestry, and fishing industry.
- **Note** that the recommended funding will be used towards two main categories of work:
- An urban design plan (\$^{Commercial}) and implementation of the outcomes of the urban design (up to \$^{Commercial} which excludes any physical works for the ^{Commercial Information} and ^{Commercial Information}); and
 - A detailed business case for the Integrated Business and Tourism Facility (\$^{Commercial}) and the subsequent construction phase of the facility (\$^{Commercial}).
- Therefore, total PGF funding recommended is up to \$4.8m.
- **Subject to:**
- Evidence of building purchases by WDC.
 - The urban design plan completed to the PDU's satisfaction by applying the following scope recommendations from NZTA:
 - (a) Contextual Analysis – identifying values (incl. built env, natural landscape, heritage & cultural), views, movement, land uses etc
 - (b) Strengths Weaknesses Opportunities & Constraints Analysis (SWOC), mapping & conclusion
 - (c) Vision, Objectives & Key Urban Design Moves
 - (d) Design Response – informed by stages 1-3 and supported by plans and descriptive text.
 - (e) Implementation/Staging Plan
 - Evidence of WDC co-funding of at least ^{Comm}% for the implementation phase.
 - The business case completed to the PDU's satisfaction in particular
 - identifying key anchor tenants
 - economic impact analysis
 - detailed design
 - WDC's overall governance and strategic procurement process of the above to the PDU's satisfaction prior to signing the contract and at each milestone of the project noting DIA's advice.
- **Note** that the PDU recommends the approval of funding of up to \$400K towards the Regional Digital Hub which will be considered by SROs at its next meeting.
- **Note** ^{Commercial Information} of the Te Wairoa E Whanake initiative do not strongly align with the PGF objectives and therefore have not been considered for PGF funding.
- **Note** NZTA has provided advice on the urban design plan in particular.

Application description

The applicant seeks funding to implement four cornerstone projects under the 'Te Wairoa e Whanake' initiative. The combination of projects aims to catalyse economic development in Wairoa through revitalisation of the town centre and are outlined as follows:

1. Integrated Business and Tourism Facility
2. The Regional Digital Hub
3. Commercial Information
4. Commercial Information

After analysing the projects against the PGF criteria both individually, as well as from an overall 'Te Wairoa e Whanake' perspective, the PDU recommends that the Integrated Business and Tourism Facility and the Regional Digital Hub projects best align with PGF objectives and have potential to maximise the Fund's impact.

The Integrated Business and Tourism Facility project focuses on transforming two currently under-utilised buildings into a multi-functional facility. This facility is critical to the success of potentially developing a robust town centre for the Wairoa district and diversify its economic activities from the traditional agriculture, forestry, and fishing industry.

The applicant has stated the under-utilised buildings' strategic positioning has affected the vacancy rates of neighbouring buildings and created a disjointed radius that lacks linkage between the East and West end of the town centre.

The applicant will first undertake a Business Case and an Urban Design Plan. The Business Case will focus specifically on the Integrated Business and Tourism Facility, including both a detailed economic impact analysis, design and financial modelling.

The Urban Design Plan will complement this Business Case, and undertake analysis into Wairoa township's built environment, road corridors, and natural assets, with the output being an implementation plan that addresses issues raised in the plan.

Commercial Information

herefore, the PDU will consider potential activities as part of the \$500k as long as it excludes Commercial Information

Commercial Information

The Integrated Business and Tourism Facility physical works (up to \$^{Commercial Information}) will be undertaken to align with the outcomes of the Business Case.

Stage 1 is estimated to take between ^{Commercial} months while Stage 2 between ^{Commercial Infor} months.

Stage 1 Planning and Design:

- Business Case
- Urban Design Plan

STAGE ONE - Planning and Design	TOTAL COST	PGF investment	Co-Funding
Business Case	\$ Commercial Information	\$ Commercial Information	
Building Design and CBD Urban Design Plan	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information
Wairoa's CBD Urban Design plan - cost breakdown			
Preliminary design – CBD Town design	\$ Commercial Information		
Developed design - CBD Town Design	\$ Commercial Information		
Detailed design - CBD Town Design	\$ Commercial Information		
Community Consultation	\$ Commercial Information		
Sub Total	\$ Commercial Information		
Site 1 (Integrated Business & Tourism Facility) - cost breakdown			
Community Consultation Site 1	\$ Commercial Information		
Architectural full services	\$ Commercial Information		
Structural Design	\$ Commercial Information		
Land Surveying	\$ Commercial Information		
Sub Total	\$ Commercial Information		
Site 2 (Integrated Business & Tourism Facility) - cost breakdown			
Preliminary design	\$ Commercial Information		
Detailed design	\$ Commercial Information		
Sub Total	\$ Commercial Information		
TOTAL for STAGE ONE	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information
Stage 2 Construction and Implementation:			
<ul style="list-style-type: none"> o Redevelopment of an Integrated Business and Tourism Facility o Urban Design Plan Implementation. 			

Stage Two - Construction and Implementation	TOTAL COST	PGF investment	Co-Funding
Purchase of site 1 – Burnt out buildings	\$ Commercial Information		\$ Commercial Information
Geotechnical reports - Site 1	\$		\$
Demolition – Site 1	\$	\$ Commercial Information	\$
Purchase of site 2 - I-Site and Rocket Lab Education Centre	\$		\$
Commercial Information Site 2	\$		\$
Planning & Resource consents – Site 1 & 2, riverside	\$		\$
Commercial Information	\$	\$ Commercial Information	\$
Site 1 & 2 rebuild and renovations	\$	\$	\$
I-site relocation and refit	\$		\$
Rocket Lab Educational Centre fit out	\$	\$ Commercial Information	\$
Project Manager	\$	\$	\$
Contingency	\$	\$	\$
SUBTOTAL	\$	\$	\$
CBD Urban Design Implementation (UDI)	\$ Commercial Information	Up to \$ Commercial Information	Conting %
TOTAL FOR STAGE TWO	\$ Commercial Information	Up to \$ Commercial Information	\$ Commercial Information

Note: the PDU recommends that the \$ Commercial Information contingency may only be drawn down at the Unit’s discretion.

Overseas Investment Office	
➤ Is the application being made by a non-New Zealand based legal entity? (Foreign investment laws may apply and the Overseas Investment Office consulted)	No

Section B: Operational Assessment Criteria (Complete for EoIs and Applications) (Rate and comment – 1= poor, 5 = very good - Provide the number for this project, not subsequent phases)		
Fund and government outcomes		Please highlight number below
Would the project:		
➤ create permanent jobs?	<ul style="list-style-type: none"> Job creation from this project will be indirect. This arises through concentration of economic activity and attracting new businesses (such as the i-Site, start-up businesses, and Rocket Lab education centre, and showcasing of local food and beverages) within a well-positioned facility. The investment may lead to increases in visitor numbers and spend and thus GDP growth. For example, the 	N/A 1 2 3 4 5

	<p>potential relocation of the i-site to within the Integrated Business and Tourism Facility would also mean that the Intercity bus stop would be brought into the town centre, increasing visitor numbers.</p> <ul style="list-style-type: none"> The Business Case and Design Phase of the project will further identify these benefits. 	
➤ deliver community benefits?	<ul style="list-style-type: none"> This investment has the potential to attract businesses & start-ups to the township and aligns with the Council's ambition of attracting younger professionals to Wairoa. The Regional Digital Hub may be identified as a tenant, therefore providing a 'use' of the building for the community. 	N/A 1 2 3 4 5
➤ increase utilisation of and returns on Maori assets?	<ul style="list-style-type: none"> Not directly, however, given the district's high Maori population, there is potential for indirect benefits in the form of attracting further private investment into the town and employing local people. 	N/A 1 2 3 4 5
➤ enhance the sustainability of natural assets?	<ul style="list-style-type: none"> Not evident. 	N/A 1 2 3 4 5
➤ mitigate climate change effects, or assist with the lowering of emissions?	<ul style="list-style-type: none"> The applicant states that one of the aims of the redevelopment is to produce a carbon neutral space. It further states this will be implemented by using a combination of recycled building materials, modern building practices and green vertical planting. 	N/A 1 2 3 4 5
<ul style="list-style-type: none"> Additional: 		
<ul style="list-style-type: none"> Would the project: 		
➤ add value by building on what is already there, without duplicating effort?	<ul style="list-style-type: none"> The project transforms currently under-utilised buildings. 	N/A 1 2 3 4 5
➤ be a catalyst for productivity potential in the region?	<ul style="list-style-type: none"> Potentially developing a robust town centre for the Wairoa district and diversify its economic activities from the traditional agriculture, forestry, and fishing industry. The applicant has stated the under-utilised buildings' strategic positioning has affected the vacancy rates of neighbouring buildings and created a disjointed radius that lacks linkage between the East and West end of the town centre. This project aims to reconnect the functioning east and west ends of the main streets. Anticipated that a modern offering in the town-centre will not only catalyse existing businesses to enhance their offering, but provide an attractive space for new 	N/A 1 2 3 4 5

	businesses and attract people to the region.	
Connected to regional stakeholders and frameworks		
Does the project:		
➤ align with regional priorities, such as frameworks, or regional plans?	<ul style="list-style-type: none"> The project aligns with Hawke’s Bay Regional Economic Development Strategy (REDS) in its goal to lead in the provision of resilient physical, community and business infrastructure, enhance business satisfaction and spend 	N/A 1 2 3 4 5
➤ have the support of local governance groups (councils, iwi and hapu)?	<ul style="list-style-type: none"> Wairoa District Council is the applicant. Letters of support have been received from Commercial Information, Commercial Info, and Commercial Information. The applicant has also stated Commercial Information support. 	N/A 1 2 3 4 5
Governance, risk and project execution		
Does the application show:		
➤ robust project management and governance systems?	<ul style="list-style-type: none"> Wairoa District Council will be the lead on the project with consultation support from Hawke’s Bay Regional Council, Commercial Information, Commercial Information, Commercial Information, and Commercial Information. Commercial Information will act as the Project Facilitator. 	N/A 1 2 3 4 5
➤ plans for future ownership and operational management?	<ul style="list-style-type: none"> The applicant has stated it plans to own the assets and all operational management for the future. 	N/A 1 2 3 4 5
➤ how the project will be delivered and managed?	<ul style="list-style-type: none"> Commercial Information 	N/A 1 2 3 4 5

Section C: Risk Management Evaluation			
Does this application demonstrate consideration of the following risks?			Unclear
Type of risk	Risk description	Mitigations	Risk Rating
<input checked="" type="checkbox"/> Project risk	The project may prove to be unviable if site	PDU will ensure the following conditions are met to the Unit’s	Medium

	purchases are significantly more expensive than planned. Furthermore, the business case may demonstrate that the benefits of implementing the construction phase do not outweigh the costs.	satisfaction and stage-gate funding accordingly: <ul style="list-style-type: none"> • Demonstrate evidence of site 1 & 2 purchase by the applicant before release of deliverable funding for the progression to the business case and urban plan design. • Demonstrate evidence of project viability (such as key anchor tenants identified) at the construction phase and continued alignment with PGF objectives 	
<input checked="" type="checkbox"/> Cost risk	Costs may exceed original estimates.	Ensure cost quotes for key stages of the project are presented to the PDU's satisfaction before release of deliverable funding.	Medium
<input checked="" type="checkbox"/> Procurement risk	Potential procurement risk if the contractors at each stage are not the most suitable party for the work.	Ensure procurement procedure is carried out to the PDU's satisfaction before release of deliverable funding at each key stage.	Low
<i>If the answers to the first question is NO, or assessments of risk(s) are HIGH, discuss with an Investment Director.</i>			

Section D: Funding and financial analysis		Please highlight number below
Does the application show:		
➤ How strong is the financial position of the applicant organisation?	<ul style="list-style-type: none"> • The Council's financial position is considered adequate, however the Te Wairoa E Whanake initiatives will stretch its financial capacity without external funding. 	N/A 1 2 3 4 5
➤ How does the scale of the project compare to their overall business?	<ul style="list-style-type: none"> • The scale of this project is within the Council's overall capacity to manage effectively. 	N/A 1 2 3 4 5
➤ Why is Crown funding being sought rather than	<ul style="list-style-type: none"> • The town centre upgrade was initially a basic streetscaping upgrade costing \$^{Commercial} and was consulted on in the Wairoa District Council's long term plan. 	N/A 1 2 3 4 5

commercially-available funding?	Wairoa's ratepayers were not favourable to funding this project due to other large core infrastructure projects taking priority. This project would potentially result in an increased burden of a currently small ratepayer base if it was through commercial funding options.	
➤ What does the independent financial analysis/business case indicate?	<ul style="list-style-type: none"> A business case will be conducted as part of the project. 	N/A 1 2 3 4 5
➤ Is the funding model requested appropriate? Is the PDU recommending a different model?	<ul style="list-style-type: none"> The PDU recommends a grant recognising the financial constraints of a council with a small ratepayer base. 	N/A 1 2 3 4 5
➤ Has the applicant provided evidence of market pull for this project?	<ul style="list-style-type: none"> This will be determined as part of the business case. 	N/A 1 2 3 4 5
➤ Has the applicant provided evidence that their supply chain is secure?	<ul style="list-style-type: none"> N/A 	N/A 1 2 3 4 5
Summary of funding and financial analysis:	<ul style="list-style-type: none"> The PDU recommends a grant recognising the financial constraints of a council with a small ratepayer base. 	N/A 1 2 3 4 5

Analysis of Benefits/Costs and Funding arrangements

Wairoa Background

Wairoa has a population of 8,210 (4,239 for Wairoa District specifically) with a ratepayer base of 6,813 (Wairoa 2018 – 28 LTP). It is distinguished through its significant Maori presence (63% of the district's population, compared to the 15% of New Zealand's population), and subsequently the values that define it as a provincial district at its core. The key advantages of the district are:

- Strong Maori heritage (Te Reo spoken by 17% of Wairoa's population)
- Land-based production strength such as forestry, sheep & beef, cropping, and intensive horticulture (majority of the district is dominated by steep hill country with varying limits on its use for other than perennial vegetation, such as pasture or forest)
- The Wairoa township services the smaller isolated towns of the district with key offerings such as supermarket, farming stores etc. In addition, the township is en-route to popular tourist destinations such as Mahia Peninsula and Lake Waikaremoana. Making it a popular 'stopping point' for locals and visitors

alike.

While the provincial district presents itself with these land-based advantages and strong cultural heritage, it also faces the reality many small districts encounter in the form of economic and social challenges. These are:

- A small ratepayer base has meant the Council is financially constrained to budget in large scale investments
- Its distance from other regional centres and logistics nodes has limited connectivity with the rest of the country and export markets
- Concentration of economic activity demonstrated by the forestry and primary processing industry being the largest employment group in the Wairoa district, contributing 1600 (>50%) of the total jobs. Important to note, AFFCO employs more than a quarter of those employed in the land use group
- Wairoa has unemployment rates three times higher than the national average
- A recent Economic Development Report identified Wairoa as being confronted by considerable social-economic struggles. Collectively these have impeded the welfare of the community for at least two decades with 64% of the district's population living in quintile 5 of the deprivation index, three times worse than the rest of New Zealand.

Benefits of the Proposed Projects

The PDU recommends that of the 4 projects within the application, the Integrated Business and Tourism Facility Project and the Regional Digital Hub (separate SRC coversheet) are funded due to their strong alignment with the PGF's criteria compared to the **Commercial Information**

As mentioned previously, the Integrated Business and Tourism Facility Project aims to transform the currently under-utilised buildings by concentrating key activities (such as the i-Site, start-up tenants, and Rocket Lab education centre, and a showcase for local food and beverages). This investment has potential to attract businesses & start-ups to the township which aligns with the Council's ambition of attracting younger professionals to Wairoa.

It is anticipated that by relocating the i-site, as well as enhancing the visitor offering, the visitor numbers and spend will increase for the adjacent businesses to the Integrated Business and Tourism Facility within the town centre. The Intercity bus stop will also relocate with the i-site, again bringing passengers into the town centre where existing businesses (cafes, shops and services) already exist.

The planning and design phase (Business Case and Urban Design Plan) is a critical component to ensuring the viability and success of redeveloping the under-utilised buildings as well as identify other areas that are of significant benefit to the improvement of the town centre. This phase estimated to take between 6 – 8 months. The PGF's contribution for the Business Case and alongside the applicant's ^{Comm}% co-funding for the Urban Design Plan will accelerate this stage and subsequently, the potential benefits associated with the construction phase.

This project aligns with an Economic Development Report that the PGF previously funded the Applicant for which identified a regeneration of the town centre being an opportunity for driving economic growth.

Funding Arrangement

Funding will be used towards an urban design plan (\$^{Commercial}), a detailed business case (\$^{Commercial}) and construction of the facility (\$^{Commercial}), with up to \$^{Commercial} of the amount towards implementing the outcomes of the urban design plan **Commercial Information**).

This funding will be stage-gated with the following conditions:

- Evidence of building purchases by WDC.

- The urban design plan completed to the PDU's satisfaction and evidence of WDC co-funding of at least ^{Comm}% for the implementation phase
- The business case completed to the PDU's satisfaction, in particular:
 - identifying key anchor tenants
 - economic impact analysis
 - detailed design
- Procurement of the above to the PDU's satisfaction.

Note: the PDU recommends that the \$^{Commercial Informa} contingency may only be drawn down at the Unit's discretion.

Commercial Information

do not align strongly with PGF objectives and will be detailed further below:

Commercial Information

Commercial Information

Consultation from partner agencies undertaken or implications

NZTA has provided the following advice:

Urban Design Plan

- *There is limited detail about how 'design' is specifically to be applied in each of the four project areas (four*

“cornerstone projects”). For example, the scope refers to a number of design related “statements”:

- “clever design and character of the CBD”
 - “Views and gateways”
 - “Interconnected street network to distribute traffic evenly and provide pedestrian friendly developments
 - Crime Prevention through Environmental Design (CPTED) using smart lighting solutions.
- It would be useful for the application to explain how design will be applied to help achieve the statements. In particular, there is no reference to what the lighting solutions are, what views and gateways are considered important or how the projects will contribute to an interconnected street network or pedestrian friendly environment.

 - A recognised urban design approach/method would normally include:
 1. Contextual Analysis – identifying values (incl. built env, natural landscape heritage & cultural), views, movement, land uses etc
 2. Strengths Weaknesses Opportunities & Constraints Analysis (SWOC), mapping & conclusion
 3. Vision, Objectives & Key Urban Design Moves
 4. Design Response – informed by stages 1-3 and supported by plans and descriptive text.
 5. Implementation/Staging Plan

 - The Transport Agency considers more work by Wairoa District Council is needed to develop the scope of the Urban Design Plan and how the plan will relate to and inform, the implementation of their four Cornerstone Projects.

Conflicts of interest and T&Cs

T&Cs have been signed and completed.

We note DIA’s advice on assessing the composition and capability of the Council post results of the local authority elections and will ensure this is completed as part of the ongoing due diligence process prior to release of funding.

Summary statement of Peer Review undertaken

The following Peer Review has taken place in connection with this application:

All applications are discussed between the Regions Team and Investment Team during the assessment process and prior to submission to SROs / IAP.

Consultation with the relevant partner agencies has occurred allowing them to provide any relevant technical advice with any feedback included verbatim within this application form.

In the development of this form:

- i. A peer review by an Investment Director has taken place and included the following to the satisfaction of the peer reviewer:
 - a. An evaluation against the PGF criteria;
 - b. financial analysis;
 - c. A risk assessment, highlighting any relevant or key risks;
 - d. Conflicts of interest have been noted and accepted; and
 - e. the peer reviewer concurs with the recommendation proposed.
- ii. The Head of Investment has reviewed this recommendation.
- iii. This application has been reviewed by the PDU SLT.

Peer Review has been completed

Yes

Supporting proposal:	Yes
Appendices:	Yes – Applications and Additional Information
Author of paper:	LY/AM – Investment Team