

**Report to General Manager**

Attachments:

Nil

SUBJECT: Implementation of the Ward Street Precinct Masterplan**AUTHOR:** Marcelo Occhiuzzi, Manager Strategic Planning**ENDORSED BY:** Joseph Hill, Director City Strategy**EXECUTIVE SUMMARY:**

Council first commenced the process of preparing a Masterplan for the Ward Street Precinct (“the Masterplan”) in early 2016 to provide the appropriate development and public domain framework for a precinct that is undergoing significant and transformational change. The Masterplan preparation process included significant community and stakeholder engagement and external consultant assistance to achieve the stated objectives of the project. The resulting Masterplan was adopted by Council at its meeting on 22 June 2019. In adopting the Masterplan, Council in part, resolved:

...to progress the Masterplan by preparing an implementation plan containing:

- a) strategies to maximise wider benefits within the precinct (including staging, flexibility, timelines, sound financial management, continued commitment to high quality outcomes and design qualities in the realisation of the masterplan);*
- b) further financial analysis; and*
- c) a probity plan to ensure that Council’s dual role of landowner and regulator are managed and transparent.*

Given the complexities and risks associated with the various actions and steps required to realise the vision espoused by the Masterplan, it is necessary to systematically plan for the Masterplan’s implementation process. Given the interactions that are likely to be required with the development sector involving Council’s land, there are various legal, procedural, financial and reputational risks that must be actively managed in order to eliminate or minimise such risks.

This report updates Council on the various actions that are currently being pursued in light of Council’s resolution regarding an implementation strategy. These initiatives include:

- Creation of an internal governance structure that recognises the perceptions of conflicting roles of landowner/developer and regulator that the organisation plays in pursuing the implementation of the masterplan
- Preparation of a Probity Plan
- Preparation of a Communications Plan
- Seeking further market advice with regard to Council’s asset and value capture scenarios
- Appointment of a Project Manager to oversee the coordination of the process and future negotiations and interface relationships with third parties.

- Pursuing further design resolution regarding public spaces including the plazas and community spaces to be provided on site to ensure they provide for the necessary public benefits identified by the Masterplan.

This is the first of a series of reports that will update Council on the process of the implementation of the Masterplan.

FINANCIAL IMPLICATIONS:

The lease that is currently tied to Council's land which functions as a car park, will cease to operate in 2020. This liberates this asset to perform a central role in the realisation of the vision espoused by the Masterplan. Early advice received during the preparation of the Masterplan, indicates that more than the entire current value of the existing asset will be realised with the sale of only (approximately) 30% of the asset. This will need to be further market tested and refined, however, it is clear that significant value can be extracted by Council's land contribution to a development scenario that will also deliver other important city making objectives such as significant improvements to the public domain, jobs creation and embellishing North Sydney's identity and competitiveness.

The appointment of a temporary senior project manager to oversee the critical implementation steps and actions will require an investment by Council.

In the interim, preparations are underway to manage the Ward St Carpark post cessation of the lease. This matter is being reported on under a separate title on this agenda - see Item 23.

RECOMMENDATION:

- 1. THAT** Council notes the directions outlined in this report.
 - 2. THAT** Council endorses in principle the appointment of a Senior Project Manager, subject to funding being considered at the first quarterly budget review.
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LINK TO COMMUNITY STRATEGIC PLAN

The relationship with the Community Strategic Plan is as follows:

- Direction: 2. Our Built Infrastructure
- Outcome: 2.1 Infrastructure and assets meet community needs
- Direction: 3. Our Future Planning
- Outcome: 3.4 North Sydney is distinctive with a sense of place and quality design
- Direction: 5. Our Civic Leadership
- Outcome: 5.1 Council leads the strategic direction of North Sydney

BACKGROUND

Over the last 3 years, Council, with the benefit and assistance of an internal Project Control Group and external consultants, have formulated the Ward Street Precinct Masterplan (“the Masterplan”). The Masterplan was adopted by Council on 24 June 2019 following public exhibitions in early 2017 and again in mid-2018. The process was characterised by comprehensive community and internal consultation. The broad layout of the Masterplan is identified at diagram 1 below. In adopting the Masterplan, Council also resolved (in part), that:

Council resolve to progress the Masterplan by preparing an implementation plan containing:

- a) strategies to maximise wider benefits within the precinct (including staging, flexibility, timelines, sound financial management, continued commitment to high quality outcomes and design qualities in the realisation of the masterplan);*
- b) further financial analysis; and*
- c) a probity plan to ensure that Council’s dual role of landowner and regulator are managed and transparent.*

The adoption of the Masterplan requires that a considered implementation plan and process be entered into to realise its stated vision and objectives.

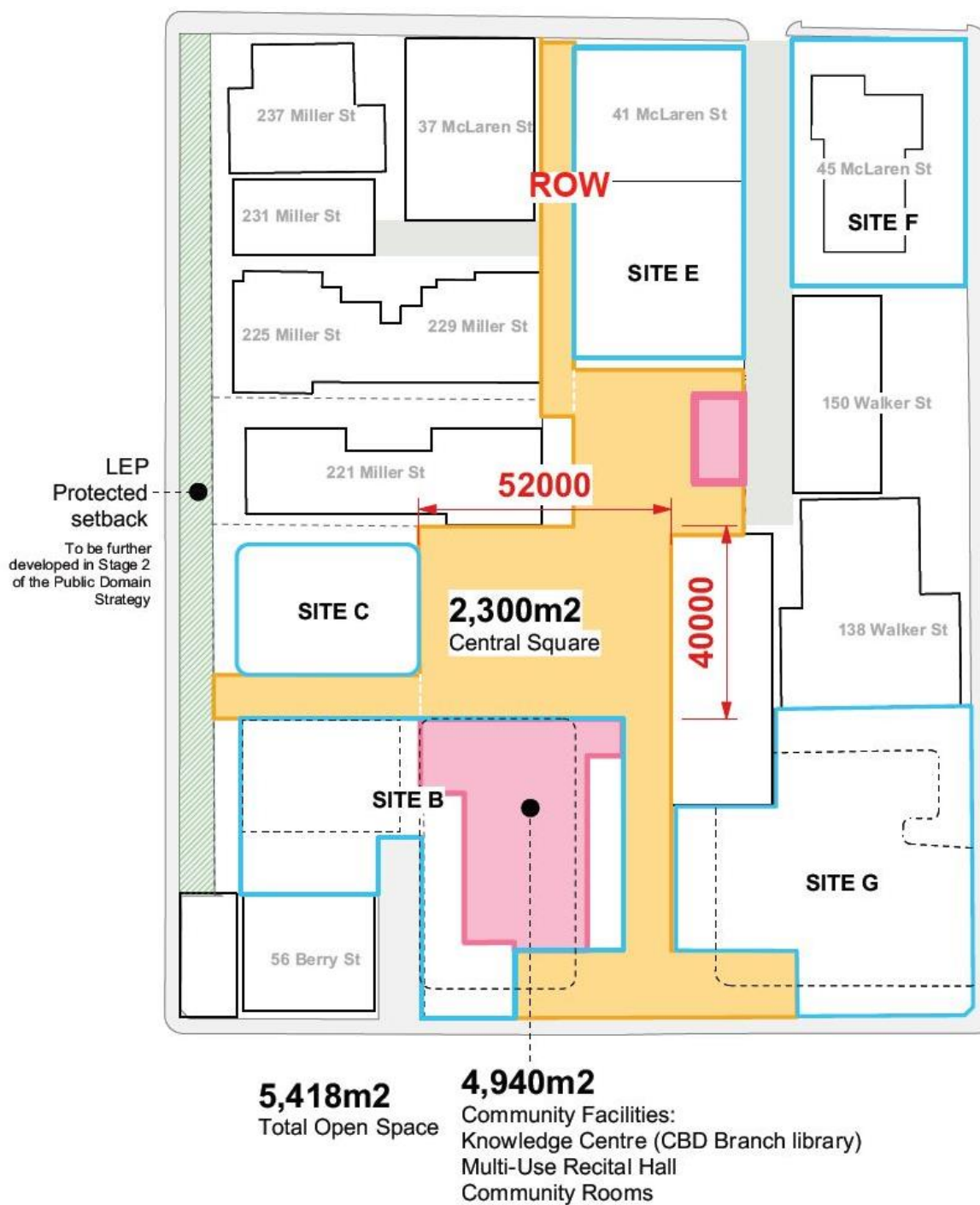


Diagram 1 – Ward Street Precinct Masterplan

CONSULTATION REQUIREMENTS

Community engagement is not required.

SUSTAINABILITY STATEMENT

The sustainability implications were considered and reported on during the initiation phase of this project.

DETAIL

The preparation of the Masterplan has been a collaborative and consultative planning exercise. Whilst the process drew many different and sometimes conflicting land owner aspirations, the Masterplan on the whole, has been well received notwithstanding a small number of opposing views. It has represented a considered and visionary exercise that meets many city building objectives for North Sydney.

The adoption of the Masterplan, unlike many other planning studies and masterplan processes that Council has prepared, gives rise to unique challenges and risks that require careful management. These largely stem from Council owning land that will form part of the development process. This is illustrated in Diagram 2 below.

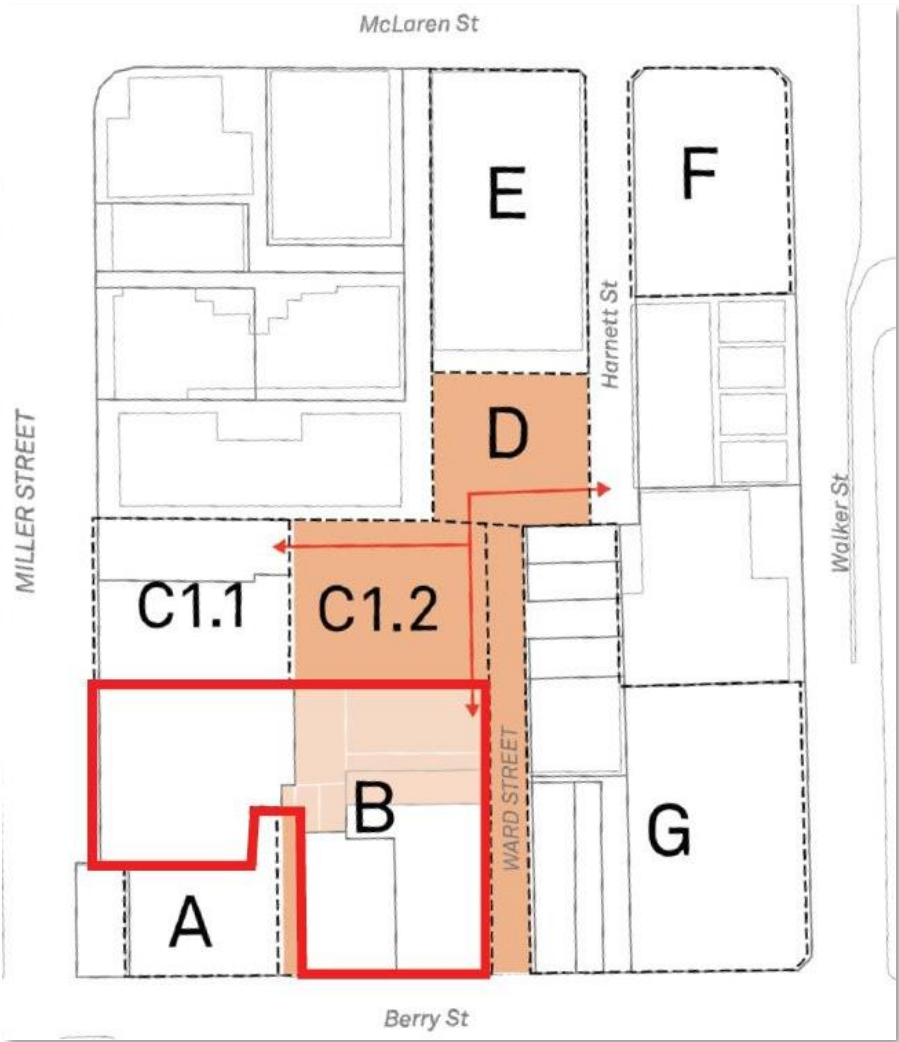


Diagram 2 – Council land (shaded brown)

Site B has been identified as a development site that would enjoy greater levels of development potential under the Masterplan. Almost 50% of this site (excluding the existing heritage listed building at 201 Miller Street) comprises Council land (shown in Diagram 2 above). The challenges and risks for Council are outlined below.

Probity

- Council wears two hats – regulator and developer. These can be perceived as conflicting roles and will need to be carefully managed in order to ensure that there is public confidence in the process.
- Exclusive dealings/negotiations with one landowner. Public authorities like Council, have a duty to perform their role in a transparent, fair and impartial manner. The layout of the Masterplan means that Council's land can really only contribute to one viable development scenario. The exclusive dealing with only one landowner, will challenge notions of market competitiveness and will need to be carefully planned and managed.

Financial

- Negotiating best value and recouping more than just land value and benefits for the community and the attractiveness of the CBD, will be a key driver in any future negotiations with developers of the land. Council's asset is valuable and there will be a strong imperative to leverage significant financial and place making/city building benefits from this asset.
- Sustainable business plan for Council facilities. The future function and operation of the planned Council facilities will need to ensure this does not represent a financial burden for Council.

Legal/Procedural

- Council being a landowner and involved in the development process, gives rise to higher levels of legal and procedural issues. An immediate matter that will require resolution is whether the likely process of sale and negotiation with the adjacent landowner, represents a "public private partnership, which will trigger various legislative and procedural steps to be followed.
- The LEP amendment process to give effect to the Masterplan, can "release" value prematurely if not well managed.

Reputational

- There is quite rightly, much anticipation around the delivery of the Masterplan. Council will be judged on the quality, timeliness and transparency of this delivery.

General

- Complexity vs appropriate levels of internal resourcing. The implementation of the Masterplan is not core Council business and it requires a high level of commitment and resourcing to ensure its delivery is successful. Council's resources will need to be embellished to meet this need.

The preparation of the draft *Ward Street Precinct Masterplan Implementation Plan* is intended as the beginning of an ongoing implementation process with more detail evolving as we move through the various implementation steps. The document is currently being prepared and remains in draft form but will provide the organisation with a framework to manage the matters that are currently being evaluated in moving this important plan forward.

Purpose of the Implementation Plan

The preparation of an Implementation Plan is intended to provide the organisational framework and process to facilitate the delivery of the Masterplan on the ground.

The preparation of an implementation plan is intended as the beginning of this process with more detail evolving as we move through the various implementation steps. Given the complexities in delivering the outcomes envisaged by the Masterplan, this plan is intended as the first step to ensure that the process commences on the basis that:

- a) The organisation is as prepared as possible to effectively deliver the outcomes of the Masterplan.
- b) That governance arrangements to guide implementation inclusive of roles and responsibilities within Council, are clear.
- c) That probity and risk issues are identified and effectively managed.
- d) That effective and consistent communications within and external to the organisation is achieved.
- e) That the Masterplan implementation is effectively resourced.

The Wilson Parking lease expires in August 2020 and there is strong development interest from precinct landowners. There is also significant expectation in the local community as well as the broader investment community of the benefits espoused by the Masterplan, particularly in the context of the arrival of Metro in 2024. There is therefore a need to work through the implementation of the Masterplan as efficiently and rigorously as possible to ensure that its objectives are delivered.

Over the next 2-3 months, Council staff will be moving towards the following actions and initiatives:

- a) Further internal discussion and external advice to refine the draft *Ward Street Precinct Masterplan Implementation Plan* as the document to provide the guiding oversight in Council's implementation objectives. This will be reported to Council for endorsement,
- b) Preparation of a Probity Plan which will be reported to Council for adoption in due course,
- c) Preparation of a Communications Plan to ensure consistent messaging and guidance regarding how progress and milestones are communicated externally,
- d) Preparation of a Civic and Community Spaces design brief to ensure Council is in a good position to negotiate the best possible public benefits as broadly identified by the Masterplan, and
- e) The recruitment of a temporary senior project manager to oversee the coordination and management of Council's Masterplan implementation actions.

An important component in implementing the Masterplan is obtaining Council endorsement for the various critical steps in the process. This will include the Probity Plan and Communications Plan along with other important decisions in the implementation process. The final draft implementation plan will therefore be submitted to Council for consideration and adoption.
