

Item 9.

Ad Hoc Grant - Western Harbour Precinct - Business Improvement District Trial

File No: X078788

Summary

Sydney Western Harbour Business Improvement District Limited has approached the City of Sydney to support the establishment and trial of an adaptation of the internationally proven Business Improvement District model for Sydney's Western Harbour.

Sydney Western Harbour Business Improvement District Limited (BID) is a newly formed company, formerly known as the Western Harbour Alliance. It has been established for the purpose of establishing and managing the Business Improvement District trial and its program of work in the Western Harbour.

Sydney Western Harbour Business Improvement District Limited aims to work with all stakeholders – government, local community and business – to bring together the raft of NSW Government and City of Sydney plans, and private sector capital investment projects, flagged across the precinct. It aims to optimise the precinct as it develops, as a great place to live, as well as a multi-dimensional but holistic strategic asset for Sydney and New South Wales.

It is proposed that a three-year formal trial of the Business Improvement District model and approach commences in the first half of 2021. Genuine public sector and local community participation is essential for the effectiveness of this initiative. This report provides a summary of the proposed model and governance structure, consultation and engagement opportunities, program of activity, participation, and approach to implementation.

This report recommends a \$40,000 (excluding GST) cash grant by the City to the Sydney Western Harbour Business Improvement District Limited. The cash grant will support the establishment of the Business Improvement District and initial launch budget over the three-year trial. The trial will be evaluated rigorously and systematically by the University of Technology Sydney (UTS) (The Institute for Public Policy and Governance and member of the Business Improvement District) which has developed an evaluation methodology consistent with City of Sydney and NSW Treasury evaluation guidelines and latest evaluation best practice (see Attachment B).

Recommendation

It is resolved that:

- (A) Council approve a cash grant of \$40,000 (excluding GST) to Sydney Western Harbour Business Improvement District Limited to support the establishment of the three-year Business Improvement District trial and initial launch budget; and
- (B) authority be delegated to the Chief Executive officer to negotiate, execute and administer an agreement with Sydney Western Harbour Business Improvement District Limited in relation to the grant described in (A) above.

Attachments

- Attachment A.** Western Harbour Precinct - Business Improvement District Trial
- Attachment B.** Western Harbour Business Improvement District Evaluation
- Attachment C.** Western Harbour Precinct - Prospectus

Background

1. Sydney Western Harbour Business Improvement District Limited, a company limited by guarantee, has proposed establishing and trialling a version of the internationally proven Business Improvement District model for Sydney's Western Harbour. This model was identified following detailed consultation between Western Harbour Alliance and its stakeholders, including the Committee for Sydney, who hosted Dr Julie Grail, a global expert on Business Improvement Districts, in Sydney in 2018.
2. The proposed Western Harbour Business Improvement District trial provides the opportunity to design and test a tailored approach to the model specifically for the circumstances of the Western Harbour and Sydney, and to capture formally, the learnings of the trial.
3. The Business Improvement District is currently working with a coalition of stakeholders across the Western Harbour. Participating organisations include UTS, Sydney Fish Market, Accor/Sofitel Darling Harbour, Australian National Maritime Museum, Google, Celestino, Markhams, Lendlease, Greaton Development, ICC Sydney, Mirvac, GPT, IMAX, The Star Entertainment Group and TransDev. The Business Improvement District is supported by the Accommodation Association of Australia, Committee for Sydney and Sydney Business Chamber.
4. Importantly, the Business Improvement District has received significant support from the NSW Government of \$150,000 per year for the three-year trial of the program to establish the trial and implement identified launch program initiatives.
5. The Business Improvement District model proposed will offer the following benefits. It will:
 - (a) recognise, align and harness the range of state and local government authorities and their jurisdictions, with local community and private sector interests in the precinct, under a common strategic vision and purpose to optimise the precinct and its value;
 - (b) enable the Business Improvement District to leverage private sector funds with public sector resources to enable and accelerate already developed, "shovel-ready" local amenity improvement, and job-, investment- and visitor-driving programs;
 - (c) effectively and cost-efficiently stimulate the Western Harbour to play a key role in Sydney and NSW's Covid-19 response, including as a major node in the 24-hour economy strategy's "neon grid"; and
 - (d) capture trial intellectual property through UTS evaluation methodology, to enable learnings to be applied to future enhanced Business Improvement District applications in other relevant locations.
6. Clear and empowered governance is critical for the establishment, promotion and success of precincts that cross jurisdictional boundaries and is a current gap in this precinct in particular, and in Sydney generally.
7. The Business Improvement District trial will be managed by a dedicated incorporated entity, Sydney Western Harbour Business Improvement District Limited (BID). The Company is expected to provide voluntary membership classes for business members, as well as public sector and community organisation membership.

8. The company mechanics under development recognise the difficulty (impossibility in some cases) of public sector representatives joining a corporate board, and therefore the critical interface between the private sector members, the local resident community and the public sector participants is intended to be administered via a “Business Improvement District Steering Committee” which will respect and sit between the Company on one hand, and the NSW Government and City of Sydney on the other. This mechanism will also enable appropriate and important local resident community participation and engagement.
9. Dedicated advisory committees or working groups are planned to oversee the primary elements of the Business Improvement District's program of work and prioritisation. Local resident members and relevant officers from the City of Sydney will participate where appropriate in these working groups.
10. The Business Improvement District seeks to deliver a range of initiatives, under three interrelated themes:
 - (a) Mobility: a connected and legible precinct;
 - (b) Activation: a vibrant 24/7/365 precinct; and
 - (c) Promotion: a precinct recognised, sought-after and loved as a signature Sydney postcard.
11. The program of initiatives is supported in principle. However, the detail of the program of activities as outlined in the accompanying draft prospectus needs to be further examined and tested to ensure there is a clearly identified user need for the proposed tactic; there is an established evidence base for the recommended program; and there is no existing platform/program that can be leveraged to avoid duplication in the market. This will be a condition of the grant being approved. The City of Sydney will work closely with the organisation to prioritise the program of work.
12. Funds will be sourced on a voluntary basis from the major stakeholders located in the precinct, based on floor space under management together with consideration of the nature, function and purpose of the organisation concerned. The principal relationships will be between the Business Improvement District organisation and the major operators/landlords. Major landlords will opt in on behalf of their organisations, and their tenants, based on their evaluation of the program.
13. The City will work closely with the Business Improvement District to ensure consultation and engagement with the local resident community, small to medium sized businesses in the precinct and the Pyrmont Chamber of Commerce. It is essential that in developing the agreed program of work, all groups and businesses are consulted, particularly if they are asked to contribute to funding.
14. The footprint contemplated for the Western Harbour Precinct Business Improvement District trial is represented in the map below. The map responds to the need for the Business Improvement District to have a defined geographical footprint but is not intended to be rigidly set in stone. Adjacent complementary experience providers wishing to be involved could be included, while the voluntary nature of the trial means that some parties within the defined footprint may opt out. For example, the lease holders for Wharves 7 and 8 at Walsh Bay have sought to participate and are welcome.

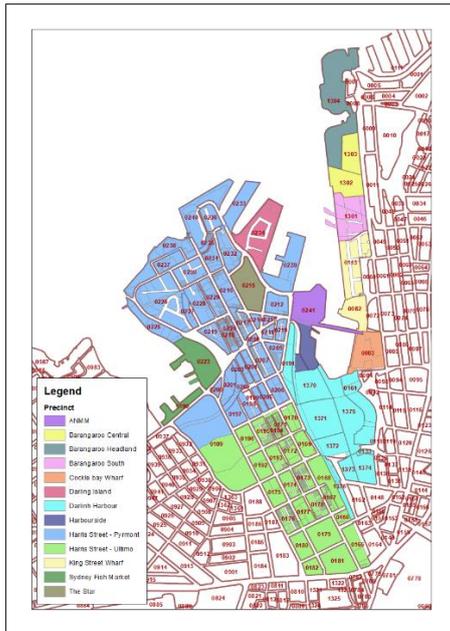


Figure 1: Western Harbour BID Geographical Footprint (indicative)

15. The recommended grant of \$40,000 to support the Business Improvement District three-year trial is commensurate with levels of funding provided via Business Support Grants for Chamber of Commerce organisations.

Key Implications

Strategic Alignment - Sustainable Sydney 2030

16. Sustainable Sydney 2030 is a vision for the sustainable development of the City to 2030 and beyond. It includes 10 strategic directions to guide the future of the City, as well as 10 targets against which to measure progress. This report is aligned with the following strategic directions and objectives:
 - (a) Direction 1 - A Globally Competitive and Innovative City - Supporting the three-year trial of the Business Improvement District responds to actions outlined in Sustainable Sydney 2030 - revitalised western edge of the city centre.
 - (b) Direction 3 - Integrated Transport for a Connected City - A key theme of the Business Improvement District is Mobility - to provide a connected and legible precinct and Pyrmont Metro responds to this direction.
 - (c) Direction 4 - A City for Walking and Cycling - Support for the Business Improvement District will see further development of the integrated and connected waterfront of the western harbour precinct.
 - (d) Direction 6 - Vibrant Local Communities and Economies - The Business Improvement District includes the village area of Pyrmont and will seek to analyse local and visitor data to align all actions to support the 24-hour economy.
 - (e) Direction 7 - A Cultural and Creative City - Support for the Business Improvement District will ensure places of significant cultural importance are connected and provide a strong visitor experience for locals and visitors.

- (f) Direction 10 - Implementation through Effective Governance and Partnerships - Support for the Business Improvement District trial will allow the City to determine the effectiveness of this mechanism as a means of prioritising, enabling and accelerating strategic place-optimising programs in changing urban planning and management environments.

Social / Cultural / Community

17. Support for the Business Improvement District has the potential to positively impact Pyrmont and the surrounding local community and business communities to drive amenity and connectivity improvements, drive visitation, dwell time and spend, and make the Western Harbour precinct an even more attractive place to live, work, and play.

Economic

18. Sydney Western Harbour Business Improvement District Limited was formed in response to opportunities and challenges emerging from several billion dollars of imminent development and investment across the Western Harbour.
19. If strategically coordinated, the Western Harbour could generate an additional \$2 billion per annum for the NSW and Sydney economy and 10,000 new jobs by 2036, as determined by research from PricewaterhouseCoopers in 2015 (PwC).

Financial Implications

20. Funding for the grant amount of \$40,000 (excluding GST) will be drawn from the 2020/21 grants and sponsorship budget. This is a one-off payment to support the three-year trial.

Relevant Legislation

21. Section 356 of the Local Government Act 1993 provides that a council may, in accordance with a resolution of the council, contribute money or otherwise grant financial assistance to persons for the purpose of exercising its functions. The Sydney Western Harbour Business Improvement District Limited has been established as a not for profit corporate entity.

KIM WOODBURY

Chief Operating Officer

Jennie Harris, Economic Strategy Advisor