

ITEM No ...12.....

REPORT TO: POLICY & RESOURCES COMMITTEE – 9 NOVEMBER 2015

REPORT ON: DUNDEE WATERFRONT PROJECT: PROGRESS REPORT

REPORT BY: EXECUTIVE DIRECTOR OF CITY DEVELOPMENT

REPORT NO: 420-2015

1 PURPOSE OF REPORT

1.1 To advise members of progress on the implementation of the Dundee Waterfront Project.

2 RECOMMENDATION

2.1 It is recommended that members note the progress being made on the delivery of the various components of the Dundee Waterfront Project.

3 FINANCIAL IMPLICATIONS

3.1 The total expenditure on the Central Waterfront Project from 2003-04 to date is £75,447,326 and by the end of 2018-19 the final total cost of the core works is estimated to be £85,502,129. Additional private investment in the order of circa £400m will be attracted to the project over the coming 10 to 15 years

3.2 The principal source of public funding for the implementation of the Project is the Dundee Waterfront Partnership (a partnership between the City Council and Scottish Enterprise) which by the time of completion in 2019 will have invested £82,987,822 in the necessary core works. Additional funding sources have added a further £2,465,320 giving a total public investment of £85,453,142.

3.3 The attached financial summary (see Appendix 2) itemises the actual and projected expenditure and income to date and demonstrates that expenditure and funding are effectively in balance with a very minor shortfall of £48,987 which will be resolved over the next four financial years to ensure the project budget is in balance.

3.4 Since January 2015 significant progress has been made on the creation of a Growth Accelerator Model (GAM) Fund for the Waterfront Project. The early feedback is very positive and it is hoped that a further report on this can come to Committee in the near future

4 PROGRESS ON CENTRAL WATERFRONT

Infrastructure

4.1 Phase 4 of the Infrastructure Works is progressing well with virtually all of the strategic drainage and services now installed and the Southern and Northern Boulevard roads open. All temporary traffic routes have been removed and the only outstanding road construction is to the new roads on either side of the Central Open Space. These works will be completed by end of January 2016.

4.2 The gas and electricity infrastructure to service the various development plots is included in these works and on completion these assets are to be transferred to and adopted by SSE. A formal agreement has been agreed whereby SSE are committed to developing a long term partnership strategy with Dundee City Council in relation to the sustainable energy requirements of the Waterfront and have provided a dedicated Manager to advance this aspect.

4.3 High recycling rates (99%) for excavated materials have been achieved, with approximately 53,000 tonnes out of 88,000 tonnes of materials being crushed and re-used

- on site or within other DCC projects. The remaining 35,000 tonnes have not gone to landfill but are being recycled by a local waste carrier for onward reuse in other local projects.
- 4.4 Timber hoardings are being erected around each of the development sites and a strategy is being developed for artwork/advertising to be displayed on these hoardings. The first artwork has now been installed on the hoardings of Site 10.

Landscaping

- 4.5 Works to the Central Open Space (Slessor Gardens) are progressing well with high quality granite setts within the roads and granite paving being laid within the footways. The tree pits have been installed and trees planted along with all required services. The grass area has been brought up to formation level using recycled crushed materials. Turf was laid and completed in July 2015 on the southern half of the open space and the northern half will be completed in autumn of 2015. Lighting for the open space will be installed in October/November 2015. Construction of the substantial SUDS pond to the east of the Tay Road Bridge is well underway.
- 4.6 The proposed Show Gardens either side of Slessor Gardens have been advertised for interested parties to design, plant and maintain these small garden spaces for a 5 year period. A number of submissions have been received and are currently being assessed.
- 4.7 Detailed designs for the water feature area at Waterfront Place are being developed; this site is currently being used as a site compound by BAM for the construction of the V&A Museum. Therefore, its landscaping will be completed at the very end of the period of the Infrastructure Delivery Plan, during the fitting out of the new museum in early 2018.
- 4.8 The detailed design of Discovery Plaza, the area in front of the proposed new rail station, is complete and has been included in the construction contract for the station concourse project.

Key Public Buildings

- 4.9 Tenders for the V&A Museum were reported to Committee on 26 January 2015 and the appointment of BAM Construction Ltd was approved and construction commenced on 23 March 2015 with a planned opening date of summer 2018. A separate report on progress on this project is included on the Agenda for this meeting.
- 4.10 The Kengo Kuma design team continue to liaise closely with the Council to ensure that the museum's external relationship to the Waterfront is closely integrated and design requirements achieved. This includes the landscaping around Discovery Point to provide a holistic context. The Council are also liaising closely with BAM in relation to Waterfront works instructed through the V&A contract i.e. raising of the sea walls, new pumping arrangements within Craig Harbour and the removal of the existing Discovery Dock gate and its replacement with a concrete sea wall. Also included is the road to the immediate west of the proposed waterfront water feature area as this road is integral to the V&A contract for site servicing and future fit out of the V&A museum. All of these works are progressing well.
- 4.11 On 24 August 2015, the Policy & Resources Committee approved the appointment of Balfour Beatty as the main contractor for the construction of the new Station Concourse building. The £38m budget for this project includes an allowance of £3m from Waterfront budgets for the creation of Discovery Plaza to the front of the station and the part of the station bridge within that area. Works started on site on 5 October 2015 with a 26 month build period such that completion will be in December 2017 which is in advance of the planned opening of the V&A Museum in summer 2018.

Marketing

- 4.12 With the impending completion of the infrastructure works, the project focus has been shifting away from engineering activities and more towards marketing of the project and

- engagement with potential developers and investors. Over the last three years, a considerable amount of effort has gone into the marketing of the Waterfront development opportunities at a national and international level. Officers have been involved in a series of annual Roadshows throughout Scotland and London to give presentations on the Waterfront Project and encourage companies to look at the investment opportunities in Dundee. The Waterfront Project has also featured heavily over the last two years in the marketing undertaken by the Scottish Cities Alliance at the MIPIM property events in London and Cannes which attract an international audience.
- 4.13 Considerable use has also been made of digital marketing in promoting the Waterfront to a worldwide audience through, firstly, a dedicated website (www.dundeewaterfront.com) which has extensive promotional material and up to date content and, secondly, a bespoke app which uses 3D software to enable users to experience a virtual reality model of the Waterfront on their smart phones and tablets and then link to relevant site information. The app can be downloaded from www.dundeewaterfront.com/interactive.
- 4.14 This marketing activity has generated a surge in developer and investor interest in Dundee in general and the Waterfront in particular; regular visits are now being hosted by the Waterfront team in Dundee and the impact of these, particularly the guided tours, is changing perceptions of the city as a place to invest and do business. All of this effort is now starting to bear fruit with a substantial level of firm development proposals coming forward which, if realised, would see over half of the available sites being developed with 15 years of the project's 30 year lifespan still to run.

Developer Engagement

- 4.15 The Council owns all the land available for development within the Central Waterfront (except for Site 18 owned by the Tay Road Bridge Joint Board) and, therefore, will financially benefit from any development which takes place. The level and nature of that financial benefit will depend upon the nature of the Council's commercial relationship with the developer. If the land is simply sold to a developer, then the return is likely to be less than its full eventual value as mature investment once completed and occupied, although this is subject to normal risks associated with the commercial development. The value of the Council's land could either be realised as a capital receipt or as an ongoing revenue income; the latter is more likely to maximise the total income to the Council, but again this is subject to commercial risk.
- 4.16 Therefore, the approach currently being pursued is to seek to explore how the Council could partner with suitable developers by way of Joint Ventures which would deliver a balance between capital and revenue income and between commercial returns and risks. Each individual development is likely, therefore, to involve a range of possible levels of Council participation in the risks and returns associated so that we can manage our risk profile while maximising financial returns as well as economic and social outcomes for the city.
- 4.17 As a result of the marketing activity undertaken over the last few years, a number of firm development interests have come forward for a variety of sites within the Central Waterfront and these are summarised below (see Appendix 1 for site location map);
- 4.17.1 **SITE 2 : YEAMAN SHORE**
- A six month exclusivity period has been granted to a development company to enable them to develop a detailed mixed use development proposal for the site between Thornton's HQ and the rail station. They have now submitted proposals for a Joint Venture project with the Council to build private rented apartments, offices and creative industries hub. This proposition is currently being assessed and will be reported to Committee in the near future.

4.17.2 SITE 5 : THOMSON AVENUE (WEST)

Two complementary outline proposals have put forward for the development of the site between the Malmaison and the rail station. The first is for the northern and eastern legs of the block and consists of private rented apartments and active ground floor uses as a second phase by the developer of Site 2 and this has recently been granted a six month exclusivity period. The second is for the development of the western and southern legs of the block as a public-sector office hub (again with active ground floor uses) by a developer in partnership with the Council; this will be reported to Committee in the near future.

4.17.3 SITE 6 : RIVERSIDE ESPLANADE (WEST)

We have received strong interest in this site from various development consortia and, therefore, have held a limited competitive process to identify the most suitable potential development partner. The consortia have now submitted detailed proposals for a four star hotel, offices, private rented apartments and active ground floor uses in a Joint Venture with the Council. These propositions are currently being assessed and will be reported to Committee in the near future.

4.17.4 SITE 12 : BLACK WATCH PARADE (EAST)

A six month exclusivity period has been offered to a development company to enable them to develop a detailed mixed use development proposal for the site immediately to the west of the Tay Road Bridge. Their plans for a luxury hotel, offices and apartments are still at an outline stage and the exclusivity agreement is being put in place.

4.17.5 SITE 18 : BRIDGE BOARD OFFICES

A note of interest has been made by a developer to the Tay Road Bridge Joint Board as owners of the site immediately to the east of the bridge. Their proposal is for a mixed use development including a restaurant, offices, car parking, apartments and replacement accommodation for the Bridge Board.

Community Benefits

4.18 The Phase 4 Infrastructure contract is coming towards an end and has now achieved all of its stated Community Benefit targets and in some cases exceeded them;

- **Local Contractor Information** – from January 2014 to August 2015 an average of 43% of the contract value or £3,982,268 has been spent locally (within 35 miles of site), with local contractors undertaking major packages including ground works.
- **Local Labour** – from January 2014 to end August 2015 an average of 58% of labour on site was local (within 35 miles)
- **New Start Employment Opportunities** – 7 new start employment opportunities have been created and filled with previously unemployed candidates or young people from training programmes.
- **New Start Graduate Opportunity** – 1 new graduate opportunity has been created.
- **Apprentices** – 3 new apprentice opportunities have been created with SRM and their subcontractors. These include the provision of 2 adult apprenticeships directly with SRM and a new start apprentice with Gilmartins.
- **Work Experience Placements** – 7 work placements have been delivered on site supporting young people and adults to gain experience in the construction industry.
- **Awareness Raising** – 7 awareness raising event delivered to date supporting over 130 clients including Site Visits from groups of College, University and Employability Students and participation in college and school events including 'a day in a Life of an Engineer' for Craigowl Primary School and Dundee and Angus College's 'Motivate Me'.

- **Donation of Materials and Social Enterprise Activity** – In partnership with their Waste Management provider Geddes, the contractor has supported Claverhouse Training, to remove approximately 10,000kgs of waste from their facility at no cost. The company has also provided direct donations including timber pallets and shutters to Claverhouse and railway sleepers to a local scout group.
- **Additional Community Benefits** – In addition to the Community Benefits delivered as part of their contract requirements, the company has also supported initiatives including the Mary Slessor Centre Monument, Roseangle Community Playground and raised funds for various local charities including £750 to Dundee Cyclathon fund which supported Cash for Kids charities.

4.19 Within the Central Waterfront it is anticipated that a number of commercial developments will be taken forward on a Joint Venture basis as this represents the best balance between control and risk reduction. This has the potential to provide the Council with greater leverage in seeking to introduce Community Benefits to such projects. For Construction contracts, it is recommended that Joint Venture partners and their construction contractors are required to agree to an adapted version of the current Community Benefits approach. By keeping the above proposed Waterfront Community Benefit requirements closely aligned with the currently adopted city-wide Community Benefit approach, this will reduce the resource requirements of supporting and monitoring any additional Waterfront related activities. Should a developer choose not to enter in to a Joint Venture with the Council it is proposed that they should be encouraged to enter in to a voluntary 'best endeavour agreement'.

5 PROGRESS ON CITY QUAY

Victoria & Camperdown Docks

5.1 The creation of a leisure marina and other tourism infrastructure in the City Quay area is one of the key priorities of the Waterfront Project. In order to promote and facilitate developments such as these, officers are investigating the potential for the Council to take a long-term head-lease on the Victoria and Camperdown Dock complex. A structural survey of the dock structures has been undertaken and draft Heads of Terms for a long lease at nominal consideration are being discussed with the owners, Forth Ports. When these discussions have concluded, a proposal will be brought to Committee for the consideration of members.

Sea Lock

5.2 The existing dock gate into Victoria and Camperdown Docks from the River Tay has ceased to function. The tourism and other commercial potential of these docks cannot be realised without a reliable means of access and egress; therefore, the Council is proposing to replace the old single dock gate with a new pair of dock gates to create a sea lock which can be used at any state of the tide. An allowance of £5m has been made in the Council's Capital Plan 2016-21 to cover the cost of this investment. A specialist consultant, Mott MacDonald, was appointed in August 2015 to provide advice and an outline specification and design for a Design & Build contract for the necessary works. The current programme for this project is;

- | | | |
|---------------------------------|---|---------------|
| • Advertise in OJEU | – | November 2015 |
| • Appointment of D&B Contractor | – | June 2016 |
| • Start on site | – | January 2017 |
| • Completion | – | Autumn 2017 |

Marina

5.3 The viability of a marina operation in City Quay has been tested through two separate reports by external experts in this field; the first report was a Feasibility Study and the second a Business Plan, both have concluded that City Quay is a suitable location, that there is a strong customer market and that, once fully operational, a marina business

would be a viable proposition. Officers are, therefore, investigating the potential for the Council to install and own the necessary mooring pontoons and other infrastructure for a marina and then to seek an experienced commercial partner to lease and operate the facility.

- 5.4 The Council has received several expressions of interest in operating a leisure marina in City Quay and it is, therefore, proposed to market this opportunity and select a preferred marina operator in order that they can assist in the design and development of the marina and berthing requirements.

HMF Unicorn

- 5.5 The Frigate Unicorn is one of the six oldest ships in the world; she is Scotland's only preserved warship and is the most completely original ship in the entire world to have survived from the golden age of sail. Unicorn may not be as well known as her more famous cousins such as HMS Victory, but she is of very significant historical importance and is identified by National Historic Ships UK as a top priority for future conservation. Her current floating berth is not suitable for such a historic wooden ship as it is necessary to preserve the ship out of water and protected from the weather.

- 5.6 Officers have been working closely with the Unicorn Preservation Society and the National Museum of the Royal Navy to bring forward proposals to conserve and display the ship as the focus of a new maritime museum facility in the dry dock known as the East Graving Dock within Victoria Dock as a centrepiece of the regeneration of the City Quay area. Detailed proposals are expected to be brought forward in 2016.

Wakeboarding Centre

- 5.7 An experienced wakeboarding park operator has approached the Council with a proposal to establish a wakeboarding facility in the western end of Victoria Dock. Wakeboarding is a surface water sport which involves riding a wakeboard over the water while being towed by a cable mechanism. It was developed from a combination of water skiing, snowboarding, and surfing techniques. The company is a social enterprise and currently has similar successful operations in Dunbar and at Albert Dock in Liverpool. Officers are exploring the leisure, tourism and inclusion potential of such an operation in City Quay and will report on this to Committee shortly.

Apex Hotel/Custom House

- 5.8 Discussions have been held with the owners of the Apex Hotel about a potential extension of their existing business to provide enhanced conference and hospitality facilities and additional bedrooms. Apex Hotels have acquired the adjacent Custom House building and intend to convert this into a new boutique hotel which would operate alongside their existing hotel. Further details are expected in the coming months.

6 PROGRESS ON SEABRAES

Riverside Drive

- 6.1 Earlier this year, road improvements (in conjunction with essential road maintenance) were carried out on Riverside Drive westwards from the Tesco Roundabout to Barnetts Car Showrooms. These works included the installation of pedestrian crossings at the Tesco Roundabout and Barnetts, the provision of a combined cycle/footway from the Tesco Roundabout to the new Seabraes footbridge, and the general reduction of carriageway widths in order to enable additional landscaping to the north side of Riverside Drive.

Seabraes Footbridge

- 6.2 The Seabraes Yard area between the Perth Road and the railway line has seen considerable investment over the years in new pedestrian paths and steps; however, the missing component was the creation of a pedestrian link over the railway to connect with the Riverside esplanade. The construction of a new £3.46m footbridge was approved by Committee in February 2014 and the design and build contract was awarded to Morgan Sindall to construct a specimen design by Nichol Russell Studios. The bridge was completed on programme and then opened on 16 June 2015 and has been welcomed by the public both as an important new route and as an attractive landmark on the Waterfront.

7 CONCLUSIONS

- 7.1 The key infrastructure within the Central Waterfront is now virtually complete and the main new public buildings are under construction. The infrastructure works are being delivered on budget and ahead of programme and the main building projects are being closely managed and monitored to ensure they do likewise. The recent changes within the area are very significant and it is important to remember just how far the Waterfront Project has come in the last few years.

- 7.2 Following an extensive marketing campaign, developer interest and activity is very buoyant and it is anticipated that several commercial developments will be brought forward shortly for consideration by Committee. This reflects a transition in the future focus of the project towards delivering investment and securing jobs while creating a vibrant and attractive place in which the Council has a major stake in its long term stewardship.

8 POLICY IMPLICATIONS

- 8.1 This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major adverse issues.

9 CONSULTATIONS

- 9.1 The Chief Executive, the Executive Director of Corporate Services and Head of Democratic and Legal Services have been consulted and are in agreement with the contents of this report.

10 BACKGROUND PAPERS

- 10.1 None

Mike Galloway
Executive Director of City Development

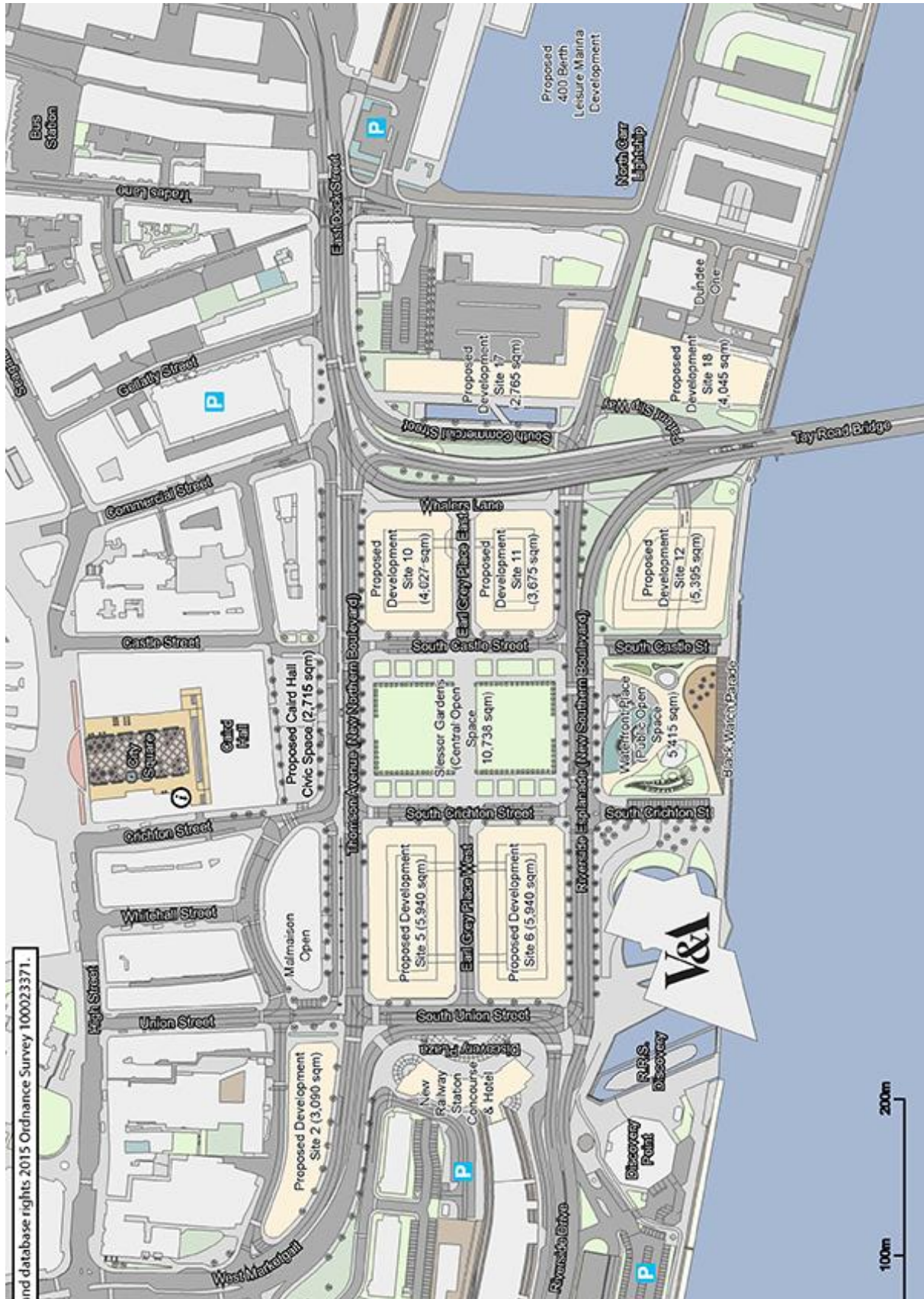
Allan Watt
Dundee Waterfront Project Director

MPG/MS

29 October 2015

Dundee City Council
Dundee House
Dundee

APPENDIX 1 : SITE LOCATION PLAN



APPENDIX 2 : FINANCIAL SUMMARY

	2003-04 Actual	2004-05 Actual	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated	TOTAL	
EXPENDITURE																		
SITE SURVEY & FEASIBILITY STUDY	£ 193,265	£ 94,482	£ 629,980	£ 542,047	£ 823,888	£ 1,020,292	£ 684,633	£ 312,857	£ 11,480	£ 28,716			£ 19,000				£ 287,747	
DESIGN/DEVELOPMENT		£ 69,327	£ 192,574	£ 792,627	£ 34,235	£ 50,636	£ 50,636											£ 4,334,794
LAND ACQUISITION			£ 522,187	£ 340,622	£ 142,694	£ 13,334	£ 3,541	£ 287	£ 242	£ 1,000								£ 877,498
INFRASTRUCTURE WORKS STAGE 1		£ 24,107	£ 386,630	£ 1,809,841	£ 3,895,227	£ 1,605,919	£ 8,835	£ 576										£ 3,939,425
INFRASTRUCTURE WORKS STAGE 2			£ 9,044	£ 1,905	£ 2,000	£ 383,654	£ 3,685,959	£ 5,184,901	£ 6,036,948	£ 7,211,752	£ 4,635,680	£ 755,565						£ 7,726,135
INFRASTRUCTURE WORKS STAGE 3								£ 152,601	£ 775,668	£ 1,234,368	£ 8,517,175	£ 9,499,673	£ 4,034,415					£ 27,907,408
INFRASTRUCTURE WORKS STAGE 4								£ 126,103	£ 147,629	£ 1,888,253	£ 2,211,089	£ 120,503	£ 214,728					£ 24,213,890
RAIL STATION ASSOCIATED WORKS					£ 38,303	£ 72,870	£ 226,103	£ 296,611	£ 675,558	£ 1,683,033	£ 50,659	£ 46,960			£ 2,000			£ 4,919,478
WHITEHALL CRES/SHORE TERR WORKS							£ 8,300	£ 53,975							£ 875,000			£ 2,763,121
V&A ASSOCIATED WORKS					£ 8,500	£ 17,000	£ 58,906						£ 35,000	£ 50,000				£ 1,866,162
WATERFRONT PLACE LANDSCAPING		£ 4,080	£ 67,671	£ 89,092	£ 81,431	£ 67,498	£ 82,726	£ 288,629	£ 481,283	£ 304,289	£ 350,234	£ 279,338	£ 239,850	£ 239,850	£ 80,000			£ 4,010,500
PROJECT MANAGEMENT																		£ 2,655,971
ANNUAL TOTAL	£ 193,265	£ 714,183	£ 3,571,942	£ 3,664,067	£ 4,699,134	£ 2,949,596	£ 4,983,765	£ 6,600,637	£ 8,051,273	£ 11,326,518	£ 17,987,208	£ 10,705,738	£ 4,907,953	£ 289,850	£ 957,000	£ 3,900,000		£ 85,502,129
CUMULATIVE TOTAL	£ 193,265	£ 907,448	£ 4,479,390	£ 8,143,457	£ 12,842,591	£ 15,792,187	£ 20,775,952	£ 27,376,589	£ 35,427,862	£ 46,754,380	£ 64,741,588	£ 75,447,326	£ 80,355,279	£ 80,645,129	£ 81,602,129	£ 85,502,129		
FUNDING																		
DCC CITIES GROWTH FUND PHASE 1	£ 355,000	£ 1,046,000	£ 3,315,000	£ 3,698,000	£ 886,000													£ 9,300,000
DCC CITIES GROWTH FUND PHASE 2					£ 5,356,343													£ 8,575,343
DCC CITIES GROWTH FUND PHASE 3						£ 4,338,000	£ 4,338,000											£ 13,014,000
DCC CITIES GROWTH FUND PHASE 4																		£ 11,864,000
DCC (POST 2012)																		£ 7,164,479
SCOTTISH ENTERPRISE			£ 370,000	£ 60,000	£ 25,000	£ 500,000	£ 750,000	£ 12,085,000	£ 3,575,000				£ 1,822,000	£ 200,000		£ 2,000,000		£ 33,270,000
EUROPEAN REGIONAL DEVELOPMENT FUND			£ 283,602	£ 90,856	£ 505,759	£ 46,810							£ 320,000	£ 905,000				£ 927,027
TACTRAN																		£ 883,000
VACANT & DERELICT LAND FUND																		£ 165,877
TRJB																		£ 167,200
LAND RECEIPTS						£ 167,200												£ 167,200
OTHER						£ 12,250												£ 137,216
ANNUAL TOTAL	£ 355,000	£ 1,046,000	£ 3,968,602	£ 6,783,102	£ 5,069,260	£ 5,108,000	£ 16,423,000	£ 8,867,904	£ 4,432,000	£ 15,800,295	£ 17,020,019	£ 1,105,000	£ 3,052,000	£ 1,105,000	£ 565,575	£ 2,000,000		£ 85,453,142
CUMULATIVE TOTAL	£ 355,000	£ 1,401,000	£ 5,369,602	£ 9,218,458	£ 16,001,560	£ 21,070,820	£ 26,178,820	£ 32,776,720	£ 37,208,624	£ 53,008,919	£ 70,028,938	£ 71,133,957	£ 74,185,957	£ 75,290,957	£ 75,856,532	£ 77,856,532		-£ 48,987
BALANCE																		

INFRASTRUCTURE WORKS STAGES

1. Western Road Alignment, Signage, Union Street Footbridge, Station Frontage, North Access Road
2. Tunnel Strengthening, Reconstruction of Dock Street and Gellatly Street
3. Surface Water Tank, Trades Lane Junction, Road Bridge Ramp Replacement, Northern Boulevard, Utility Diversions, Demolition of Olympia & Tayside House
4. Discovery Car Park, Acquisition & Demolition of Hilton Hotel & Casino, Southern Boulevard, Remaining Road Network, SUDS Pond and Central Open Space