



Business Case Port Pirie CBD Rejuvenation

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1 Executive Summary

It has been recognized through community and stakeholder representations and through Council studies that the Port Pirie Central Business District is tired and in need of revitalization. A recent Retail Analysis commissioned by the Council and prepared by Connor Holmes in 2012 identified that the City Centre is looking tired with a perception of declining vitality. The street furniture and soft infrastructure do not present well and that gives the impression that Port Pirie was not 'cared for' and of a town that were not proud of their community.

The same report identified that Port Pirie has a retail leakage of approximately 30% of comparison retailing to other centres, most notable Adelaide, from its primary catchment and some 50% from its secondary catchment. The report also notes that the Port Pirie City Centre has the potential to decrease its leakage and increase its penetration into the secondary catchment. The revitalisation of the CBD is seen as critical to increasing consumer spending in Port Pirie and attracting new businesses to the area.

A recent Employment Lands Study identified that every additional 100sqm of retail floor space in use in the city would provide in the order of 3 additional employment opportunities. Increasing employment opportunities in the City has the corresponding impact of improving population growth.

The expected outputs are increased retail activity and sustained increased employment in the retail sector.

2 Business Problem

Business Problem

Port Pirie CBD is considered to be tired with increased retail vacancies, currently at 10%, and lacking in vitality. The environment of the CBD is not conducive to destination retailing and as a result the City is not capturing all available spend and is suffering leakage to other centres.

Port Pirie is also a City reliant on a single employer. To improve the robustness of the local economy, diversification is required. As the major employer by sector, the retail industry offers significant opportunities to improve and diversify economic activity.

Business Opportunity

The project is primarily aimed at the retail sector of Port Pirie and its wider region. However, it also reflects a broader aim to diversify the local economy in a sustainable way by facilitating the development of Port Pirie as a Regional Service Centre for the Mid North. This is particularly important for Port Pirie, which has a reliance on a single employer, the smelter.



2 Business Problem (Continued)

Business Opportunity (Cont'd)

In 2012 the Port Pirie Regional Council undertook an Employment Lands Survey and a Retail Assessment for Port Pirie. The Employment Land Study identified the retail sector as being the largest employer in the City, employing some 1043 people and accounting for 17.4% of jobs. The Retail Assessment identified that a number of respondents to the survey identified the CBD as looking tired and in need of refurbishment. In addition, it was noted that there was in the order of 10% ground floor vacancies within the CBD. Notwithstanding, the Port Pirie Retail Analysis, June 2012, identified that the City secures almost all of its convenience shopping expenditure and approximately 70% of its comparison shopping expenditure from the primary catchment. Furthermore, the City secures some 30-40% of the convenience expenditure and 40-50% of comparison expenditure in the secondary catchment. The combined primary and secondary catchments extend from Melrose in the North to Port Broughton in the South and East to Peterborough.

This suggests that whilst the retail sector is a significant employer in the City and has an acceptable performance, there is room to grow the sector and improve the retail offer in the City. A constraint to the growth of the retail sector is considered to be the physical shopping environment which acts as a deterrent to choosing Port Pirie as a shopping destination.

In order for Port Pirie to increase the overall retail expenditure in the City it has been identified that, inter alia, there is a need for Strategic Government investment in services and/or infrastructure and an improved image/lifestyle attraction to stimulate population growth and an increased level of penetration into the secondary catchment and decrease of leakage from the primary catchment. If the retail spend from the Region in the Port Pirie CBD as a regional centre is maximised, it would improve Port Pirie as an opportunity for retail investment, resulting in an increased and broader offer of goods and services and an increase in employment. The Retail Assessment has identified that for every 100sqm of retail floor space there are in the order of 3 full time equivalent employment positions. On this basis, if it were possible to attract retailers to occupy the 8,100sqm of vacant retail floor space, this would equate to in the order of 243 new jobs.

The initiative to improve the appearance of the CBD to improve vitality and viability, is considered to be a significant step in changing the image of Port Pirie and to secure additional retail expenditure. This in turn would improve the viability of other retailers establishing in Port Pirie and reduce leakage to other centres, including Adelaide. These additional retailers are expected to be predominantly comparison goods retailers and the improved provision of this type of retailing would address the underlying community need.

The diversification of the local economy into a service centre is seen as important to the long term growth of the town. The City and region has historically been reliant on a single major employer, the smelter, which has created a city whose economic growth and stability is based predominantly on the success or failure of that employer. Recently the smelter has announced a significant upgrade to its plant that will reduce emissions and provide a cleaner and more environmentally friendly operation. This is significant in terms of the perception of Port Pirie and offers an opportunity to enhance the image of the City and Region. However, it is anticipated that the upgrade will also reduce the reliance of the smelter on its contract workforce for much of the maintenance program. This has the potential to negatively impact on the long term employment in the city.



2 Business Problem (Continued)

Business Opportunity (Cont'd)

To decrease the reliance of the economy of the Region on the smelter and to diversify the economy it's sensible to expand upon existing strengths. The retail sector, its catchment size and the connectivity and accessibility of Port Pirie provides an opportunity for sustainable economic growth. The growth of the retail centre would improve employment and the attractiveness of Port Pirie as a place to live, work and invest.

The aim of the project is consistent with the place based initiative embodied in the Upper Spencer Gulf Memorandum of Understanding for a Place Based Approach to the Upper Spencer Gulf, in particular to deliver economic prosperity and sustainable communities and the provision of a framework to drive economic diversification and the creation of a competitive, vibrant and self reliant economy.

3 Proposal

The project is to revitalise the Port Pirie City Centre and its environs, including the improvement of the streetscape, the alteration of associated signage, improved branding and essential infrastructure. The aim of the project is to improve the CBD to make it a major retail and recreation destination for the mid north region. The total cost of the upgrade works is in the order of \$20m, which would be undertaken over time. Stage one of the overall project, being the upgrade of Florence Street, Norman Street and Alexander Street, which has an estimated cost of \$7.1m.

Over the last 5 years the following works have been undertaken in the CBD in working towards the goal of an improved and revitalised CBD:

- Undergrounding of power lines in Florence Street – \$1.5m
- Footpath paving works - \$240,000
- Kerb and channel renewal - \$60,000
- Stormwater drainage upgrades - \$50,000

The proposal is to undertake the following further works in the CBD over the next 10 years, in accordance with a Master Plan:

- Improved road surfaces
- Improved storm water drainage infrastructure
- Improved footpaths
- Branding and way finding
- Significant landscaping
- Road realignment, where appropriate
- New street furniture.

3.1 Outcomes

The anticipated outcomes from the proposal is an increase in vitality and viability of the Port Pirie CBD, the increase in retail activity and opportunities for new retail investment and the diversification of the local economy.



3 Proposal (Continued)

3.1 Outcomes

By improving the appearance and the environment of the CBD, it is envisaged that there would be an increased penetration into the secondary catchment and an increase in retail spend in the CBD. This spend increase would improve the attractiveness of Port Pirie for retail investment and increase the take up of existing and provision of new retail floor space.

The Employment Land Study 2012, identified that every 100sqm of occupied retail space in the city represents 3 full time equivalent employment positions. The city currently has 10% retail vacancy, which equates to 8,100sqm. This would suggest that if it were possible to occupy 75% of this space there would be an increase of 182 jobs.

3.2 Physical Aspects

Physically, the proposal would involve the upgrade of the roads and infrastructure in the CBD as outlined in the attached concept plans. There would be improved landscaping, foot path paving, and improved road surfaces, provision of suitable street furniture and installation of public art features.

The project would not include any enhancements to any land that is privately owned or out of Council care and control. It is envisaged that a partnership arrangement with the Chamber of Commerce would see an improvement in the buildings in the CBD by landowners being encouraged to act on their own initiative.

3.3 Review Methodology

The review of the project, in terms of the physical improvements, would simply be undertaken as an assessment of the status of the works against the project management plan and at the end of each relevant stage.

The less tangible and appreciable benefits would be measured through the increase in development activity and decrease in vacancy rates of retail premises in the City. This would be possible through a quarterly analysis of the development statistics maintained by the Council.

3.4 Cost Benefit Analysis

The majority of the project is simply infrastructure renewal and replacement, in accordance with a plan. However, it is intended to replace the infrastructure with a better and improved product.

The cost of the proposal for stage one of the CBD regeneration would be in the order of \$7.1M with the ensuing benefits including an improved physical environment, an improved community pride, potential for increased employment and a greater potential to attract inward investment.

Many of these benefits are not immediately tangible however they would have a lasting impact and are sustainable over the long term.



4 Implementation Approach

4.1 Project Initiation

The project has already been initiated through the commencement of the Master Planning process.

4.2 Project Planning

Following the Master Plan finalization, the remaining project planning is limited to the preparation of working drawings for the infrastructure works. This process should take in the order of 6 months.

4.3 Project Execution

The subsequent Project Execution would occur in the following stages and timeframes:

1. Detailed Design Works (11 months)
2. Construction Tender (3 months)
3. Construction (15 months)
4. Maintenance and Closure (8 months)

The tendering process should be undertaken in accordance with the Council procurement policy and adopted process. It is recommended that contractors be used to undertake the majority of the work under the supervision of Council staff. The tenders should be let on a manage and build with a requisite of the process being that the successful party demonstrate that they are able to effectively plan and deliver the project and required works.