

POSITIVELY

Wellington

WATERFRONT

Statement of Intent 2014-15 Wellington Waterfront Limited

Presented to the Transport and
Urban Development Committee
pursuant to Schedule 8 of the
Local Government Act (2002)

Contents

1. Introduction	2
2. Executive Summary	3
3. Strategic Direction.....	4
4. Nature and Scope of Activities	8
5. Performance Measurements.....	10
6. Board's Approach to Governance	11
7. Organisational Health, Capability and Risk Assessment	12
8. Additional Information	13

Appendix: Forecast Financial Statements

1. Introduction

The importance of the Waterfront is expressed in Council's current vision for the Waterfront:

“Wellingtons Waterfront is a special place that welcomes all people to live work and play in the beautiful and inspiring spaces and architecture that connect our city to the sea and protect our heritage for future generations.”

Wellingtonians care passionately about their waterfront. It attracts greater public interest than other parts of the city and this has been unwavering over the last 20 years. Every year, significant numbers of people, Wellingtonians and visitors alike, enjoy a variety of experiences all across the waterfront.

The Wellington Waterfront Framework (2001) was prepared after extensive engagement and consultation with the people of Wellington. The Framework provides certainty to the Wellington community, but at the same time allows a level of flexibility for future years. It is not intended to be prescriptive, but to provide a framework of values, principles and objectives within which decisions can be made.

The values highlighted in the framework are:

- expression of heritage and history;
- expression of Maori heritage and presence;
- sense of place for Wellingtonians;
- diversity of experience;
- sense of collective ownership and involvement;
- experience of space and openness; and
- ease of access for all.

Each of these values is supported by a set of principles which guide any decisions made about how the waterfront is developed and managed. In 2011, the Council undertook a review of the Framework and found that its underlying values, principles and objectives were still relevant and fit for purpose.

It is these ideals that continue to inform the work programme outlined here in the 2014/15 Statement of Intent.

2. Executive Summary

At its meeting on 11 December 2013, the Council's Governance, Finance and Planning committee agreed to bring the activities of WWL in-house on 1 April 2014. This will effectively bring the management of the operations of the company in to Council, although the company will still exist and require a board for administration and compliance purposes.

While the activities of WWL will effectively be managed in-house, the company is still required to deliver on the 3-year Waterfront Development Plan. As such this 2014/15 Statement of Intent sets out the work programme for the coming year.

Much of the Waterfront has now been developed in accordance with the outcomes set out in the Waterfront Framework (2001). However, the following key projects remain and are on track to be delivered in 2014/15:

- The development of North Kumutoto, including Sites 8, 9 and 10;
- The completion of Clyde Quay Wharf and surrounding public space;
- The redevelopment of the Frank Kitts Park Children's playground;
- The development of adventure activities within the Queens Wharf / Shed 6 basin
- The ongoing programme of repairs and maintenance, capital expenditure and renewals as identified in the company's Asset Management Plan; and
- Ongoing maintenance, renewals and management of leases.

Design outcomes for all development activity on the Waterfront are monitored by the Council's Technical Advisory Group (TAG), as an independent provider of design advice. Drawing on the architecture, landscape architecture and urban design expertise of its members, TAG ensures that the Framework principles are applied consistently in all the design of buildings and public space.

The overall success of the waterfront is measured by the achievement of the principles and objectives outlined in the Waterfront Framework.

3. Strategic Direction

Core Purpose

The core purpose of Wellington Waterfront Ltd is to implement the Wellington Waterfront Framework that contains criteria for the development and management of each area of the waterfront.

Seven objectives have been set for the waterfront. The overall design, and the detailed area-by-area designs, will be developed to achieve these objectives when the redevelopment is completed.

The objectives are:

▪ The waterfront is locally and internationally recognised for its design
▪ The waterfront is readily accessible to all people
▪ The waterfront is, and is perceived to be, safe at all times
▪ The waterfront is seen as an attractive place that draws Wellingtonians and visitors alike
▪ The waterfront successfully caters for a wide range of events and activities
▪ Significant heritage buildings are protected on the waterfront
▪ Activities on the waterfront are integrated with those on the harbour

Operating Environment Update

Wellington Waterfront Limited operates in an environment that is impacted to a significant extent by four external factors:

Economic/Fiscal

The New Zealand economy is in good heart. Economic growth in 2014 is likely to be the best it has been for seven years. Much of the recovery has been driven by households, rather than businesses. Households are becoming more confident, and they are spending, borrowing and investing more.

Despite this overall positive picture, the Wellington property market continues in a reasonably flat pattern and the tender market continues to remain extremely competitive. The shallow pool of current and expected large projects is likely to result in a competitive contracting market well into 2014/15.

Commercial construction has increased from this time in 2013, but remains at low volumes and mainly smaller projects. With three substantial earthquakes experienced in the region, we will see continuing strengthening of older properties continue and increase in pace into 2014/15.

Overall, the economic future looks brighter, though it is hard to see a sustained recovery in the Wellington region for some time yet.

Social

Wellington Waterfront's accessibility from the CBD, wide variety of public spaces, eating houses and other attractions means the demand for spaces for other events and activities needs to be managed carefully.

The attraction is not only for those who work in the city during the week, but also the growing inner city population as the trend for inner-city apartment living continues to grow. Increasingly the waterfront is the 'front garden' for residents.

From a health and safety perspective the waterfront is at the forefront of managing the binge drinking culture prevalent among the young and not so young. This is particularly the case for large city events such as the Sevens, Home Grown, rugby tests and the overflow from Council-run street parties for major events such as film premieres. Careful management of the safety of those who play at the water's edge with impaired judgment is top of mind for WWL.

Another social trend is the increasing consciousness of people regarding fitness and environmentally sustainable means of getting around the city. Wellington waterfront is a major thoroughfare for those who want to walk, run and cycle.

Walking and cycling around the waterfront will not only continue to grow as an affordable commuting option but also a low cost leisure and health promoting activity.

The management of the public spaces needs to ensure that the waterfront accommodates all these users.

Regulatory

WWL must comply with are the Resource Management Act, Building Act, the Marine and Coastal (Takutai Moana) Act as well as health and safety legislation and local authority bylaws and regulations.

The current regulatory environment and the ongoing high degree of public interest in WWL's proposed projects pose the risk of considerable delay and can result in significant costs when proposed projects are delayed or abandoned.

Environmental

WWL takes all possible practicable measures to minimize the effects its business activities may have on the environment and requires all development design to take into account and make allowance for the effect that climate change may have on its buildings, the waterfront generally and the wider environment. Resilience to minimize the impacts of seismic activity is paramount.

WWL has comprehensive Asset Management, Disaster Recovery & Business Continuity Plans in place.

Strategic Framework

There are two core strategies involved in delivering the Council's vision for the waterfront, as elucidated in the Framework:

1. Place management & placemaking

- providing opportunities for Wellingtonians to enjoy the waterfront's *current* offerings

2. Development

- the development of new offerings for the *future*

Place Management & Placemaking:

WWL is judged by how well the waterfront is operated and maintained over the short, medium and long term, and how the diverse interests and needs of waterfront visitors and its business operators are catered for throughout the year.

Placemaking seeks to optimise the enjoyment of the public in their use of the environment. This involves strategies of enticement (for example, events & activities), encouragement (provision of public comfort and commodity) and reinforcement (managing the waterfront's reputation).

The overall strategic objective with regard to placemaking is to provide a range of amenities and features that enhance opportunities for recreational and cultural activities on the waterfront.

Development:

WWL's strategic imperative is to achieve a high standard of design and implementation for open spaces, public buildings and commercial developments, taking into account robust urban design principles. These include the use and amenity value of spaces and the way users interact between and within buildings and open space developments.

The development strategy is designed to deliver new features within the place – either the redevelopment of existing sites, or the development of new buildings and open space. All development activities are designed to enhance the waterfront and meet both community needs and commercial imperatives.

Our strategic focus is to complete and implement plans for delivering the vision for the waterfront.

2014/15 Action:

- **The development of North Kumutoto, including Sites 8, 9 and 10:** Following the anticipated conclusion of negotiations resulting in the execution of a long-term lease for the development of Site 10, work will continue on traversing the required regulatory processes in order to progress the project to the construction stage.
- **The completion of Clyde Quay Wharf and surrounding public space;** work will also continue on the feasibility of the proposed transition building adjacent to Te Papa.
- **The redevelopment of the Frank Kitt's Park Children's playground:** The children's playground, now 15 years old, is in need of upgrade and repair. This work was started in 2013/14 and will be completed in 2014/15. The playground design will be informed by input from the public.
- **The development of adventure activities within the Queens Wharf / Shed 6 basin:** concept work for this area has been developed and it is expected that resource consent and construction will be concluded during the 2015/125 year.
- The ongoing programme of **repairs and maintenance, capital expenditure and renewals** as identified in the company's Asset Management Plan.
- Ongoing **management of leases**.

4. Nature and Scope of Activities

WWL has broken the delivery of its two core strategies – Placemaking and Development – into the following work streams:

Placemaking

We will continue to develop a flexible, creative, open and interactive public realm that is inclusive and welcoming to many different kinds of people. One of our key objectives is to foster participation across a broad range of creative endeavours – be they recreational, cultural, artistic, and maritime or activities based.

Placemaking work streams include:

- Maintaining the Environment
- Working and playing on the Waterfront
- Telling the Waterfront's Stories

Placemaking: Maintaining the Environment

We ensure the waterfront is a vibrant and attractive environment through the provision of spaces that are safe, clean, efficient, well maintained and support the operation of a diverse range of businesses and activities on the waterfront.

WWL has an asset management plan (AMP) that contains a comprehensive description of all the assets on the waterfront and detailed plans and budget provisions for the effective and efficient management of all our assets and infrastructure. This is managed through independent maintenance contractors and includes regular rubbish removal and recycling, clean-up programmes and the maintenance of trees, gardens and lawns.

To maintain the Waterfront as a safe place for people, the company undertakes regular independent Crime Prevention through Environmental Design (CPTED) and Injury Prevention through Environmental Design (IPTED) assessments, and respond quickly to any issues raised, including maintaining public space lighting and regular cleaning, and graffiti removal of our public spaces.

Placemaking: Work and Play on the Waterfront

WWL provides a range of infrastructure, space and facilities that allow for the operation of a diverse range of business, cultural and sporting activities on the waterfront.

We will continue to work with other organisations, notably other Council Controlled Organisations (CCOs) including: Absolutely Positively Wellington, Grow Wellington, Wellington Venues Ltd, Wellington Museums Trust, and other organisers of events and temporary installation to provide locations and support the establishment of high quality significant artworks and sculpture.

Placemaking: Telling the Waterfront's Stories

We want the Waterfront tell the stories of the area – from pre-colonial history through to the present day – to ensure that Wellington's heritage is preserved now and for future generations.

There are various ways that people can access these stories, whether it be through the Maritime Heritage Trail and associated QR codes, WWL's website and exhibition panels, the commemorative plaques at Frank Kitt's Park, the writers walk, or the many historic structures and artefacts along the promenade.

Development

WWL works to achieve a high standard of design and implementation of open spaces, public buildings and commercial developments, taking into account robust urban design principles. These include the use and amenity value of spaces and the way users interact between and within buildings and open space developments.

Development: Design and Project Implementation

WWL is charged with ensuring that all waterfront development (buildings and public space) is in accordance with the vision, values and principles of The Wellington Waterfront Framework. The company works closely with the appropriate Council committees on all aspects of waterfront development, including budgets, development phasing, technical information, costs, feasibility and commercial issues. The independent Technical Advisory Group (TAG) assists in the review of development of design guidelines, design briefs and designs as they evolve.

All Waterfront development projects are scrutinised to ensure that designs promote diversity on the waterfront by encouraging flexibility of use and allow for elements to be adaptable over time.

5. Performance Measurements

Action	Measure	Council Strategic Alignment					
		Economic Development	Events	Living City	Accessible Wellington	Arts and Culture	Digital
North Kumutoto	Secure resource consent and proceed to the construction of a building on Site 10	✓	✓	✓	✓	✓	✓
Shed 1	Advance a long term solution for Shed 1 and seek WCC approval	✓	✓	✓	✓	✓	✓
TSB Bank Arena	Seek naming rights sponsor and negotiate a new agreement	✓	✓			✓	
Queens Wharf Water Basin Activity Zone	Complete the development of additional adventure and entertainment activities in the water basin between Shed 6 and the Outer-T	✓	✓	✓	✓	✓	✓
Transition site, Waitangi Park	Continue with negotiations for the development of this site.						
Clyde Quay Wharf	Completion of public space and the Boat Harbour Park	✓	✓	✓	✓	✓	✓
Asset Maintenance	Maintain waterfront assets and infrastructure in accordance with the AMP and within budget (\$0.485 million).	✓	✓	✓	✓		
Asset Renewal	Renew waterfront assets as scheduled in AMP within budget (\$1.546 million).	✓	✓		✓		
Frank Kitts Park Redevelopment	Complete the installation of a new children's playground	✓	✓	✓	✓	✓	✓
Finance	<p>Manage our budget to ensure at year end we achieve our targets</p> <p style="text-align: right;">Millions</p> <ul style="list-style-type: none"> ▪ Waterfront Operating Costs \$5.711 ▪ Public Space Development \$1.205 ▪ Proceeds from Operating Receipts & Commercial Development \$5.191 ▪ Loan Finance Balance <ul style="list-style-type: none"> ○ Public Space \$10.233 ○ Wharf Repiling \$7.874 	✓					

6. Board's Approach to Governance

As a result of the decision to bring WWL into Council, from 1 April 2014 Council officers will be appointed to the WWL Board.

WWL's Board has the task of meeting its administrative and compliance obligations and providing general guidance to the management of the Company

Current Board membership

- Robert Gray (*Chair – term ends 1 April 2014*)
- Jane Black (*term ends 1 April 2014*)
- Cr Justin Lester (*term ends 1 April 2014*)
- Derek McCorkindale (*term ends 1 April 2014*)

Approach

The Board is responsible for:

- Overseeing the implementation of the Waterfront Development Plan
- Its work and its code of conduct are governed by the Company's constitution, the Overview Agreement with Council, the Charter, and the Board of Directors' Charter
- The Board reviews and approves the three year strategic plan and an operating budget prepared by management
- The Board also reviews monthly financial statements, and individual project reports to monitor management's performance against the budget and the three year plan
- The Board aims to ensure our shareholder and stakeholders are informed of all major developments affecting the projects.

Key relationships are with WCC's Technical Advisory Group, the Transport and Urban Development Committee and WCC officers.

The Board is responsible to shareholders for the implementation of the Waterfront Project by participation in the setting of objectives, strategy, and key policy areas, and the approval of key project phases and specific agreements.

In fostering good governance practices we are continually monitoring the separation of the various roles and responsibilities of management, the Board, and WCC.

7. Organisational Health, Capability and Risk Assessment

Wellington Waterfront Limited is committed to the development and maintenance of robust systems and processes to ensure its resilience to the risks of adverse events.

Health & Safety

WWL recognises the importance of maintaining a good safety record both in the public realm and in the place of work for its staff and visitors. This is achieved through regular checks of our internal working environment to ensure hazards or potential hazards are either eliminated or measures are taken to ensure the potential effects of hazards are mitigated as much as is reasonably practicable.

All contractors and public event organisers are required to submit documented health and safety plans prior to commencement of any work or public event on the waterfront.

The design of all buildings and public space on the waterfront adhere to and implement CPTED (Crime Prevention Through Environmental Design) and IPTED (Injury Prevention Through Environmental Design) principles.

Capital Investment & Asset Management Plans

WWL has made a major commitment to the effective and efficient management of its capital investments and infrastructural assets.

The AMP covers the following:

- Asset classification and description
- Levels of service
- Planning and managing future growth
- Risk assessment and management
- Life-cycle (optimised) decision-making
- Financial
- Planning assumptions and confidence levels
- Improvement planning

The AMP is reviewed annually as part of our commitment to continuous improvement of the management of our capital investments and infrastructural assets.

Emergency Planning & Business Continuity

Emergency preparedness and a business continuity plan are pre-requisites to ensuring any business has the resilience to withstand the effects of major adverse events which occur without warning and can have devastating results.

WWL has in place a comprehensive Disaster Recovery & Business Continuity Plan to enhance WWL's resilience in the event of a major disturbance to its business from a disaster or other major adverse event.

Risk Management Framework

WWL has identified the following key risks as being particularly applicable to its business:

▪ Cashflow/Income	▪ HR/Keyman
▪ Political	▪ Brand Reputation
▪ Development Delays	▪ Operational Risk
▪ Natural Disaster	▪ Public Safety

The risk management framework is reviewed regularly to ensure it remains relevant.

8. Additional Information

Beyond the current Waterfront Development Plan the following activities are proposed:

- Frank Kitts Park refurbishment incorporating a Chinese Garden – 2016/17
- Wharf strengthening programme stage 3 – 2016/17
- Completion of public space enhancements in north Kumutoto – 2016/17

These projects will be budgeted and consulted on through the Council's Annual Plan and Long Term Plan processes.

CCO: Wellington Waterfront Project Statement of Intent 2014/15		\$x000's						
Estimate 30-Jun-14	STATEMENT OF FINANCIAL PERFORMANCE	Qtr to 30-Sep-14	Qtr to 31-Dec-14	Qtr to 31-Mar-15	Qtr to 30-Jun-15	Total YE 30-Jun-15	Total YE 30-Jun-16	Total YE 30-Jun-17
	Revenue							
3,588	Lease / Carparks / Motorhome Income	695	694	695	694	2,778	2,228	2,253
15	Sundry Income	4	4	4	3	15	16	16
10	Venue hire/ Sponsorship	3	2	3	2	10	10	10
393	Operating recoveries	92	92	92	93	370	377	383
24	Interest Income	6	6	6	6	24	24	24
4,030	Total Revenue	800	798	800	798	3,197	2,655	2,686
	Expenditure							
4,088	Property Costs	2,685	514	515	514	4,228	4,154	4,181
4,200	Depreciation	1,050	1,050	1,050	1,050	4,200	4,284	4,370
550	Public and Commercial Planning	125	125	125	125	500	250	150
55	Public relations and sponsorship	14	14	14	13	55	0	0
1,104	Interest costs	0	0	0	999	999	1,238	1,644
1,365	Administration	343	343	343	344	1,373	1,391	1,377
11,362	Total Expenditure	4,217	2,046	2,047	3,045	11,355	11,317	11,722
(7,332)	Net Surplus/(Deficit) before Taxation	(3,417)	(1,248)	(1,247)	(2,247)	(8,158)	(8,662)	(9,036)

CCO: Wellington Waterfront Project							
Statement of Intent 2014/15							
						\$x000's	
Estimate 30-Jun-14	STATEMENT OF FINANCIAL POSITION	As at 30-Sep-14	As at 31-Dec-14	As at 31-Mar-15	As at 30-Jun-15	As at 30-Jun-16	As at 30-Jun-17
	Shareholder/Trust Funds						
133,013	Wellington City Council	129,865	128,886	127,909	125,930	118,343	110,382
70,566	Revaluation Reserves	70,566	70,566	70,566	70,566	70,566	70,566
203,579	Total Shareholder/Trust Funds	200,431	199,452	198,475	196,496	188,909	180,948
	Current Assets						
3	Cash and Bank	3	3	3	3	3	3
400	Accounts Receivable	400	375	375	350	300	300
1,027	Other Current Assets	2,808	2,265	1,722	1,179	1,541	1,541
1,430	Total Current Assets	3,211	2,643	2,100	1,532	1,844	1,844
	Investments						
996	Deposits on Call	23	375	28	82	79	70
0	Other Investments	0	0	0	0	0	0
996	Total Investments	23	375	28	82	79	70
	Non-Current Assets						
225,685	Fixed Assets	226,709	227,478	228,147	228,616	232,441	241,269
1,386	Other Non-current Assets	1,369	1,352	1,336	1,320	1,262	1,204
227,071	Total Non-current Assets	228,078	228,830	229,483	229,936	233,703	242,473
229,497	Total Assets	231,312	231,848	231,611	231,550	235,626	244,387
	Current Liabilities						
7,761	Accounts Payable and Accruals	10,658	11,311	11,758	12,946	20,243	29,540
382	Other Current Liabilities	433	510	577	675	1,058	1,266
8,143	Total Current Liabilities	11,091	11,821	12,335	13,621	21,301	30,806
	Non-Current Liabilities						
7,433	Loans - WCC	9,533	9,533	9,733	10,483	14,633	19,983
7,874	Loans - Wharf	7,874	7,874	7,874	7,874	7,874	9,909
2,468	Other Non-Current Liabilities	2,383	3,298	3,192	3,076	2,909	2,742
17,775	Total Non-Current Liabilities	19,790	20,574	20,799	21,433	25,416	32,634
203,579	Net Assets	200,431	199,452	198,475	196,496	188,909	180,948
0	Current Ratio	0	0	0	0	0	0
1	Equity Ratio	1	1	1	1	1	1

CCO: Wellington Waterfront Project				
Statement of Intent 2014/15		\$x000's		
STATEMENT OF MOVEMENTS IN EQUITY				
	2015	2016	2017	
Opening Balance	203,579	196,496	188,909	
Net Profit / (Loss) after Tax	(8,158)	(8,662)	(9,036)	
Total recognised revenues and expenses for the year	(8,158)	(8,662)	(9,036)	
Contributions from WCC				
Equity Contributions for Management Fee	1,075	1,075	1,075	
Total WCC Equity Contributions	1,075	1,075	1,075	
Equity as at 30th June	196,496	188,909	180,948	

CCO: Wellington Waterfront Project								
Statement of Intent 2014/15		\$x000's						
Estimate 30-Jun-14	STATEMENT OF CASH FLOWS	Qtr to 30-Sep-14	Qtr to 31-Dec-14	Qtr to 31-Mar-15	Qtr to 30-Jun-15	Total YE 30-Jun-15	Total YE 30-Jun-16	Total YE 30-Jun-17
	Cash flows from operating activities:							
	<i>Cash was provided from:</i>							
4,693	Receipts from customers	793	793	793	794	3,173	2,631	2,662
24	Interest received	6	6	6	6	24	24	24
	<i>Cash was disbursed to:</i>							
(4,913)	Payment to suppliers	(2,898)	(728)	(727)	(728)	(5,081)	(4,720)	(4,633)
(196)	Net cash flows generated (to)/from operating activities	(2,099)	71	72	72	(1,884)	(2,065)	(1,947)
	Cash flows from investing activities:							
	<i>Cash was provided from:</i>							
14,375	Sale of property	50	1,050	50	700	1,850	2,975	5,025
	<i>Cash was disbursed to:</i>							
(6,303)	Purchase of property, plant and equipment	(1,024)	(769)	(669)	(469)	(2,931)	(3,825)	(8,828)
8,072	Net cash flows from investing activities	(974)	281	(619)	231	(1,081)	(850)	(3,803)
	Cash flows from financing activities:							
	<i>Cash was provided from:</i>							
	Wellington City Council loan contributions	2,100	0	200	750	3,050	4,150	7,385
	<i>Cash was disbursed to:</i>							
(1,087)	Interest	0	0	0	(999)	(999)	(1,238)	(1,644)
(6,700)	Repayment of Wellington City Council loan	0	0	0	0	0	0	0
(7,787)	Net cash flows from financing activities	2,100	0	200	(249)	2,051	2,912	5,741
89	Net increase(decrease) in cash held	(973)	352	(347)	54	(914)	(3)	(9)
910	Cash at beginning of the period	999	26	378	31	999	85	82
999	Cash at the end of the period	26	378	31	85	85	82	73
	Represented by:							
999	Total cash and cash equivalents	26	378	31	85	85	82	73

**CCO: Wellington Waterfront Project
Statement of Intent 2014/15**

SCHEDULE OF COMMERCIAL DEVELOPMENTS	2014/15 \$m	2015/16 \$m	2016/17 \$m	2018 and beyond \$m	Total \$m
Summary of Commercial Developments	1.850	2.975	5.025	1.000	10.850
SCHEDULE OF PUBLIC SPACE DEVELOPMENTS AND OTHER CAPITAL EXPENDITURE	2014/15 \$m	2015/16 \$m	2016/17 \$m	2018 and beyond \$m	Total \$m
OPT outdoor public space	0.125				0.125
Kumutoto public space Site 9 & 10		3.000	2.000	1.333	6.333
Frank Kitts Park	0.800		4.000		4.800
Queens Wharf water activities	0.130				0.130
Wharf maintenance			2.035	2.035	4.070
Placemaking	0.150	0.150	0.150		0.450
Repairs and maintenance - renewals	1.726	0.675	0.643	6.279	9.323
Total	2.931	3.825	8.828	9.647	25.231