

Wellington Waterfront Limited

QUARTERLY REPORT

to the

Council Controlled Organisations Performance

Subcommittee

Wellington City Council



Quarter ended 31 March 2013

Wellington Waterfront Limited
May 2013

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1. EXECUTIVE SUMMARY

Wellington Waterfront Limited (WWL) is pleased to present its report for the quarter ending 31 March 2013 outlining progress of the Wellington Waterfront Project and the Company.

1.1 *The Wellington Waterfront Project*

Key events during the quarter include:

- WWL selected nine developers from the expressions of interest campaign for sites 9 & 10 Kumutoto and commenced a request for proposal process just prior to the end of the quarter
- WWL completed the Kumutoto draft open space masterplan for consultation and approval by WCC planners
- WWL's contractors completed the majority of the wharf piling portion of the shed 6 seismic strengthening project ahead of the planned construction of the temporary convention centre in mid 2013
- WWL launched the Thursday evening summer food market along the Taranaki St wharf promenade accompanied by entertainment from local musicians and a Latin American Salsa dance group. The success of this initiative will see the return of the Thursday evening food market again next summer
- The Ice World Wintergarden ice-skating rink returned to Queens Wharf and will run through to mid-May. It has again proven to be a successful attraction
- WWL commenced wharf fender repairs and replacement along the Taranaki St Wharf promenade. This was made possible by the utilisation of unspent contingency sums provisioned in the wharf maintenance contract
- The Wellington Waterfront motorhome park had its best ever trading period, achieving an overall overnight average occupancy rate of 78% (30 motorhomes per night)
- WWL continued its engagement with Pouhere Taonga - NZ Historic Places Trust (NZHPT) and other stakeholders (WCC, Greater Wellington Regional Council and CentrePort) in regard to NZHPT's proposal to register the Wellington Harbour Board Historic Area

- WWL assisted the Wellington Writers Walk organisation to install four new quotation pieces across the waterfront which were officially opened by the Governor General Sir Jerry Mataparae
- WWL worked closely with WCC Events for the hosting of several successful major summer events on the waterfront including the triennial Pinot Noir conference, Dragon Boat Festival, Asian night food market, Chinese New Year celebrations, IRB international rugby 7's, Homegrown Music Festival, NZ Fashion Week and the Fringe Festival Performance Arcade.

1.2 The Company – Wellington Waterfront Limited

- WWL completed the Company Statement of Intent outlining activities for the forthcoming 2013/2014 year
- During the past quarter, WWL held an off-site strategic planning day (involving management, staff and members of WCC's Technical Advisory Group) that identified and explored the company's skills with particular emphasis on development and place-making. The need for an improved communication strategy to better tell the waterfront story, emphasising these skill sets was identified as a priority.

2. THE WELLINGTON WATERFRONT PROJECT

2.1 Work Plan Implementation

Progress on implementing the work plan is reported below.

Kumutoto

North Kumutoto

Following WWL's expression of interest campaign in late 2012, WWL selected nine developers to proceed to the next stage of the process which is a Request for Proposal detailing building use, preliminary concept design and an outline of main commercial terms in a non-binding offer.

The process of evaluation of proposals, WCC consultation and developer shortlisting will take place during Qtr 4.

The Kumutoto draft open space masterplan has been completed for consultation and approval by WCC



planners.

Waterfront Motorhome Park

The Wellington Waterfront motorhome park had its best ever trading period, achieving an overall overnight average occupancy rate of 78% (30 motorhomes per night). Part of the facility will revert to a commuter car park during the low season to optimise revenue earning potential.



Queens Wharf

Ice Skating Rink – Queens Wharf Plaza

The Ice World Wintergarden ice-skating rink which last visited Wellington in October 2011, returned to Queens Wharf and will run through to mid-May. It has again proven to be a successful attraction on the waterfront.



Shed 6

WWL's contractors completed the majority of the wharf piling portion of the shed 6 seismic strengthening project ahead of the planned construction of the temporary convention centre in mid 2013.

Lease negotiations will be completed in early Qtr 4.



Taranaki St Wharf Precinct

Wharf fender repairs and replacement along the Taranaki St Wharf promenade commenced during the quarter and are scheduled to be completed midway through the next quarter. The project was made financially possible by the utilisation of unspent contingency sums provisioned in the wharf maintenance contract.

In late January, WWL launched the Thursday evening summer food market along the Taranaki St wharf promenade, accompanied by entertainment from local musicians and a Latin American Salsa dance group. The market had up to 15 hot food vendors and attracted several hundred customers on a great run of consecutive balmy Thursday evenings through to early April. The success of this initiative will see the return of the Thursday evening food market again in 2014.



Waitangi Precinct

Clyde Quay Wharf (ex-Overseas Passenger Terminal)

WWL has continued to work collaboratively with the developer of Clyde Quay Wharf. Tangible signs of progress became apparent during the quarter with the appearance of some of the new building's structural steel frame at the end of the wharf.

Construction is on programme and due for completion in mid-2014.



Homegrown Music Festival

The Homegrown Music Festival which was limited to 17,000 tickets, was just one of many events (others included the triennial Pinot Noir conference, Dragon Boat Festival, Asian night food market, Chinese New Year celebrations, IRB international rugby 7's festivities, NZ Fashion Week and the Fringe Festival Performance Arcade) held on the waterfront over the summer and which made significant contributions to WWL's placemaking initiatives.



2.2 General Operations

Property Management

Lease of Shed 6 to Wellington Venues Limited

WWL has prepared a new deed of lease for WWL's lease of shed 6 for the temporary convention centre. Negotiations and formal agreement will be completed in early Qtr 4.

Proposed transfer of grounds maintenance contracts

WWL negotiated and agreed to the transfer of grounds maintenance contracts from a variety of service providers to a single service provider being WCC Parks, Sport & Recreation to take effect from 1 May 2013.

Recreational Activity Precinct

WWL commenced investigations into the establishment of a recreational activity precinct around Queens Wharf centred on the existing Ferg's Rock & Kayak facility.

Universal Access Guidelines

WWL has commenced development of its universal access guidelines in conjunction with WCC's Technical Advisory Group and Accessibility Action Group which will further develop and update WWL's existing commitment to ensuring the waterfront is accessible to all.

Bridge Maintenance

General maintenance and re-painting of the bascule and lagoon bridges continued during the quarter.

2.3 Financial Performance

Statement of Financial Performance

The YTD net operating deficit is \$3.258 million against a budgeted deficit of \$2.380 million. The main factor contributing to the \$878,000 unfavourable variance is YTD depreciation being over budget by \$1.57 million. This is partially offset by a favourable variance in planning costs of \$150,000.

Statement of Financial Position

The net assets/equity position of the Project remains strong. The major capital expenditure item in the third quarter was \$251,000 towards wharf repiling costs.

Liquidity

The Project's bank balance at 31 March 2013 totalled \$994,000.

Current Assets and Current Liabilities totalled \$1.789 million and \$2.723 million respectively with a working capital ratio of 0.66:1.

Forecast

As at 31 March 2013, WWL has borrowed \$17.891 million from Council.

3. THE COMPANY – WELLINGTON WATERFRONT LIMITED

3.1 Comment on Progress

The WWL Board continues its focus on ensuring the design, consultation, funding and planning requirements of the waterfront development are completed effectively by WWL management in accordance with the Framework.

3.2 Financial Performance

The YTD Net Surplus is \$17,000 compared to the budgeted deficit of \$99,000. The major item contributing to the \$116,000 favourable variance are administration costs being \$75,000 under budget.

For the Board of:

Wellington Waterfront Limited

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Ian Pike

Chief Executive Officer

May 2013

Performance Targets and Other Measures for 2012/13

Performance Indicator	Measure	Target/Result
Successful completion of the marketing of Shed 5, Queens Wharf	Long term lease entered into by Qtr 2	Achieved
Transition site, Waitangi Park	Enter into a Memorandum of Understanding with Te Papa	Advance the long term solution for the transition site
Wharf pile refurbishment, Queens Wharf	Complete stage 2 of these works within budget	Continued infrastructural upgrade of the waterfront
Asset Management and Business Continuity Plans	Complete identified improvement of these plans	Ensure ongoing development of these working documents
Website	Refresh the WWL website and ensure all information is current, up to date and relevant	Ensure WWL is represented appropriately in the social media network
Jump Platform, Taranaki Street Wharf	Implement the delivery of the jump platform within the Circa cut-out space, on time and within approved budget	Achieved
Overseas Passenger Terminal, Waitangi Park	Complete the urban design proposal for the public space and achieve Technical Advisory Group sign-off	Ensure WWL delivers its contractual obligations regarding public space around the completed OPT
Sites 9 & 10, Kumutoto	Upon completion of the revised North Queens Wharf Brief, call for expressions of interest for the development of these sites	Achieved. Engagement with developers and RFP process to continue in Q4
Maintenance Projects	Ensure waterfront-wide maintenance and infrastructure renewal is delivered to budgetary expectations	Ongoing. Maintain high standard of property management and maintenance
Queens Wharf master planning	Investigate development options for Queen Wharf – including Sheds 1 & 6 and the TSB Bank Arena and make recommendation to WCC by Qtr4	Continued planning of specific projects within the Queens Wharf precinct
Shared Services – WCC	Ensure fully integrated shared services platform is established and maintained	Deliver on WCC's objective to roll out a shared services division
Revenue Maximisation	Maximise rental income streams through judicious asset management and by seeking additional revenue opportunities	Improvement to WWL's overall cash flow
Events Management	Continue to work with WCC and WWL events team and develop for the waterfront.	Continued development of the waterfront as a leading edge and innovative space

Performance Indicator	Measure	Target/Result	
Financial	Manage our budget to ensure at year end:	Continued prudent financial management of the waterfront	
	▪ Waterfront Operating Costs		\$6.227m
	▪ Public Space Development		\$2.666m
	▪ Proceeds from Operating Receipts & Commercial Development		\$5.494m
	▪ Loan Finance Balance		\$14.862m
	▪ Wharf Repiling Loan Balance		\$5.720m