FINANCE AND PERFORMANCE COMMITTEE MEETING

16 September 2019

6 Palmerston North Airport Limited - Annual Report for 12 months ended 30 June 2019 & Instructions relating to Annual Meeting
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9 The Future Use of Huia Street Reserve - Statement of Proposal
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Revenue

Revenue $10.2 million
→ +3% versus SOI
→ +20% versus LY

Aeronautical revenue $6.2 million
→ +5% versus SOI
→ +23% versus LY

Non-aeronautical revenue $4 million
→ -1% versus SOI
→ +16% versus LY
Operating costs $5.2 million
++ 8.0% versus SOI
++ 16.0% versus LY
Unbudgeted PFOS costs $260k (legal & testing).
Unbudgeted marketing resource $80k.

Depreciation & Finance Costs $2.4 million
3.3% below SOI
Timing of capital projects / less borrowings
Total capital expenditure of $7.5m

- Capex
- SOI $11.6 million
- Stage 2 School of Aviation (Academic/Admin wing)
- Stage 2 Long Stay Car Park
- Rescue Fire Station
- Completion of freight apron and taxiway upgrades
- Airport Drive roundabout reconstruction

Delayed Projects

- Ruapehu Business Park - now on track
Profitability

**EBITDA $5.0 million**
- Within 3% of SOI target
- +23% versus LY

**NPAT $1.7 million***
- Within 10% of SOI
- +6% versus LY

**PNCC Dividend $0.69 million**
- 10% adverse to SOI

*Excludes revaluation gain
Key Metrics vs SOI

- Net Surplus / Total Assets: 3.6% (3.9%) Before interest/tax/revaluations
- Net Surplus / Shareholder Funds: 4.1% (3.1%) After tax
- Tangible net worth: $67.5 million ($61.9 million) Tangible assets incl. reval less liabilities
- Net Promoter Score: 40% (50%) Reset benchmark.
- Lost Time Injuries: 12.5 hours (zero)
ITEM 6 - ATTACHMENT 1

Commerical

Aeronautical
- Record aeronautical revenue
- Record passenger volumes
- Airfreight volumes strong

Non-Aeronautical
- A major focus / diversification
- School of Aviation Stage 2 completed
- Ruapehu Business Park subdivision consenting
Compliance

- Civil Aviation Act Part 139
- Asset Management Planning
- Safety Management System
- Rescue Fire Building
- PFOS response
Customer

➔ Fly Palmy – regional awareness
➔ Long Stay Car Park capacity increased
➔ Valet Parking – loyalty programme
➔ Customer satisfaction monitoring
  ➔ Net Promoter Score
Community

Community engagement plan finalised
- Region-wide
- Iwi

Sponsorship
- Fly Palmy Arena
- Gravel & Tar
- Centrepoint
- Central Pulse
- Te Rangimarie Marae
- Wings over Wairarapa
- Red Cross
- Santa’s Cave
- Taihape Gumboot Day
- Maoriland Film Festival
- Wildbase Hospital
- Airport Christmas party
The Environment

ACI Carbon Accreditation programme selected
- Level 1 mapping accreditation achieved
- Level 2 reduction now in action
  - Energy – 5% reduction achieved
  - Waste & Water – mapping continues

Next:
- Level 3 Optimisation – Third party engagement
  - Three years of reductions to be shown
- Level 4 – Carbon neutrality
  - Residual carbon emissions offset
Strategic Alignment with PNCC

Goal 1 Innovative & Growing city
- Airport Capacity – Terminal Development
- Sustainable route development
- Ruapehu Business Park / North Eastern Industrial

Goal 2 Creative & Exciting City
- Community Engagement – iwi, ethnic groups
- Sponsorship

Goal 3 A connected & Safe Community
- Rangitāne engagement – our sense of place
- Sponsorship – social service agencies
Strategic Alignment

Goal 4 An Eco City
- ACI Carbon Accreditation programme
- Community engagement – environmental messaging

Goal 5 Driven & Enabling Council
- PNAL’s success linked to ongoing collaboration
- Strong relationships formed
- Project Working Group established
The Future Use of Huia Street Reserve

Statement of Proposal

Finance and Performance Committee

16 September 2019
Item 9 - Attachment 1

Issue

- Consultation is required should the Council wish to enable the disposal or development of Huia Street Reserve for housing.
- Key decisions and processes to follow consultation.
That the Chief Executive be authorised to prepare a consultation document and undertake a consultation process under the Local Government Act 2002 prior to the Council making a decision about engaging with Parliament to initiate an amendment to the Palmerston North Reserves Act 1922 and/or the Palmerston North Reserve Empowering Act 1966 to enable the disposal or development of Huia Street Reserve (Lots 3 4 Pt Lots 1 2 DP 545) for an alternative use.
The Proposal

- That the Council initiates the necessary amendments to the Palmerston North Reserves Act 1922 and / or the Palmerston North Reserve Empowering Act 1966 and the District Plan to enable the disposal or development of Huia Street Reserve for housing.
Reasons for Proposal

1. The Council passed a resolution.
2. The City Development Strategy.
3. The Housing Needs Assessment.
4. Part of the Huia Street Reserve has been vacant since 2005 and is not required by the Council to meet any community or recreation needs.
5. Consultation is required under the Local Government Act 2002.
City Development Strategy

Council also has a significant property portfolio that can be used to contribute to city growth and development, while also providing revenue. This could include repurposing underutilised land or identifying land where uses can be relocated to enable sustainable housing development and intensification.
Alternative Options

- Land-bank the site.
- Develop for recreational purposes.
- Consider proposals from the community to use the site for a recreational, cultural or community purpose.
- Enable the disposal or development of Huia Street Reserve for a commercial purpose.
ITEM 9 - ATTACHMENT 1

Baseline
- 17 Lots
- Two storey detached house on 350m²
- Minimum lot sizes
- Compliant with District Plan yard height in relation to boundary
- Site coverage and minimum lot size standards
- Tennis pavilion retained

Option A
(Complies with District Plan bulk & form standards)
Multi-unit Housing

- 34 units, being a mix of 2 and 3 bedroom units
- Minimum 1 carpark/unit
- Development to two storey max
- Tennis pavilion retained
- Retail at corner of Park Rd and Fitzherbert Ave with commercial (e.g., medical centre) or possibly apartments above
- Central green space, integrating trees for visual amenity and privacy
Option B(ii) Multi-unit Housing

(Plan as compliant, except 3 storeys high in places)

- 34 units, being a mix of 2 and 3 bedroom units
  - Minimum 1 carpark/unit
- Development to two storeys except three storeys at corner of Park Rd & Fitzherbert Ave, and over parts of middle blocks.
- Tennis pavilion retained
- Retail at corner of Park Rd and Fitzherbert Ave with commercial (eg. medical centre) or possibly apartments above
- Central green space, integrating trees for visual amenity and privacy
ITEM 9 - ATTACHMENT 1

Option C

- 80 Apartments
- 78 Car Parks
- Tennis pavilion retained around perimeter
- 4 Storey Apartments
- Allow for one parking space per unit
- Carparking under retail at corner of Park Rd and Fitzherbert Ave
- Fitzherbert Ave extend green edge to provide separation between apartments and busy road
- Main pedestrian entrance from Park Rd, vehicle access from both Park Rd & Fitzherbert Ave
Recommendations

- That the Future Use of Huia Street Reserve Statement of Proposal – October 2019, including the Potential Housing Development Scenarios, be approved for public consultation.