**MANLY 2015: STATE OF PLAY AND OUTSTANDING ISSUES**

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| **Issue** | **Was** | **Now** | **Comment/Outstanding issues** |
| Manly Oval Car Park IRR | 12.9% | 6.6% | Original IRR was based on an assumption of no free parking, and no traffic growth. KPMG have revised their assumption to include 70% of vehicles parking for free and traffic growth of 3.5% per annum.  **Outstanding issue: Council have now disclosed that not all vehicles staying longer than 2 hours pay. This accounts for the difference between the $9.43 per stay originally calculated and Council’s stated revenue per stay of $12.40. Nevertheless, the total Whistler St revenue from car parking is $1.15m under both scenarios. The revised % of vehicles paying for parking is now only 22-23%. This could reduce forward revenue assumptions by $400,000 per annum, and would reduce the IRR calculated by KPMG by several percent (up to 4-5%). KPMG have already confirmed (Manly Chamber Breakfast in response to Q&A) that under the 6.6% scenario Council will not cash breakeven on the project until the 2030’s.** |
| Funding | **Oval Car Park:**  Debt  **Water Rention Tank**: Debt  **Library:** Sale proceeds of Whistler St  **Laneways**: Council funds | **Oval Car Park:**  Debt & Sale proceeds from Whistler St  **Water Rention Tank**: Debt, at subsidised interest  **Library:** Debt  **Laneways**: Council funds | Original assessment was based on the assumption that Oval Car Park would cover its operating and loan costs, and that the sale of Whistler St would fund rebuilding of the Library. The transfer of the sale proceeds of Whistler St to the Oval Car park improves the IRR to 10.6%, but the Council will now need to borrow to build the Library.  **Outstanding issue: Total debt incurred by Council to complete Manly 2015 is unchanged, despite debt borrowed to build the car park falling from $34m to $16m.** |
| Peak debt | $92m | $65m | Peak debt has reduced from $92m (Source: Community Strategic Plan 2012/13) to $65m (Source Community Strategic Plan 2013/14).  **Comment: Council no longer proposes to develop the Whistler St site on its own balance sheet, and instead will sell the land on a best use basis to a third party developer.** |
| Traffic growth | N/A | 3.5%pa | The Bitzios report assumptions that traffic will grow by 42% to 2033. Separately, Hill PDA have forecast that demand will only increase 25% over the same time period.  **Outstanding issue: Bitzios have used a report commissioned by Council to derive their growth forecast. The report used estimates the potential increases in CBD floor space IF THE MANLY CBD WAS DEVELOPED TO THE FULL EXTENT OF THE EXISTING LEP. In our view, the data source is not a valid method of forecasting as it does not forecast expected demand – it is based on potential supply – and implies that Manly must build out the CBD to its maximum potential just to achieve a 6.6% IRR. The only valid demand analysis has been conducted by Hill PDA.** |
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