

# minutes

## Major Projects Committee

MEETING HELD ON **WEDNESDAY 7 JUNE 2017**

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## CITY OF JOONDALUP

MINUTES OF THE SPECIAL MAJOR PROJECTS COMMITTEE MEETING HELD IN  
CONFERENCE ROOM 1, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP  
WEDNESDAY 7 JUNE 2017.

### ATTENDANCE

#### Committee Members

Mayor Troy Pickard *Presiding Member*  
Cr Kerry Hollywood *Deputy Presiding Member*  
Cr Nige Jones  
Cr Liam Gobbert  
Cr Mike Norman  
Cr John Chester  
Cr Russ Fishwick, JP

#### Observers

Cr Tom McLean, JP  
Cr Russell Poliwka  
Cr Philippa Taylor

#### Officers

Mr Garry Hunt	Chief Executive Officer
Mr Mike Tidy	Director Corporate Services
Mr Jamie Parry	Director Governance and Strategy
Mr Brad Sillence	Manager Governance
Mr Blignault Olivier	Manager City Projects
Ms Glenda Blake	Manager Strategic and Organisational Development
Mr Alan Ellingham	Senior Financial Analyst
Mr Matthew Monkhouse	Acting Strategic Policy Development Coordinator
Mr Scott Collins	Senior Projects Officer
Mrs Lesley Taylor	Governance Officer

### DECLARATION OF OPENING

The Presiding Member declared the meeting open at 6.34pm.

**DECLARATIONS OF INTEREST**

Nil.

**APOLOGIES/LEAVE OF ABSENCE****Leave of Absence previously approved**

Cr Sophie Dwyer	1 July to 17 July 2017 inclusive;
Cr Christine Hamilton-Prime	14 July to 21 August 2017 inclusive;
Cr Sophie Dwyer	23 September to 8 October 2017 inclusive.

**ANNOUNCEMENTS BY THE PRESIDING MEMBER WITHOUT DISCUSSION**

Mayor Pickard announced he had arranged a meeting between himself, the Chief Executive Officer and the Hon. David Templeman, Minister for Local Government; Heritage; Culture and the Arts, as well as Senator the Hon. George Brandis while in Canberra, to discuss State and Federal Government funding for the Joondalup Performing Arts and Cultural Facility.

**IDENTIFICATION OF MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC**

In accordance with Clause 5.2 of the City's *Meeting Procedures Local Law 2013*, this meeting was not open to the public.

**PETITIONS AND DEPUTATIONS**

Nil.

**REPORTS****ITEM 1 JOONDALUP PERFORMING ARTS AND CULTURAL FACILITY - BUSINESS CASE COMMUNITY CONSULTATION RESULTS AND PROJECT PROGRESSION OPTIONS**

<b>WARD</b>	North
<b>RESPONSIBLE DIRECTOR</b>	Mr Garry Hunt Chief Executive Officer
<b>FILE NUMBER</b>	75577, 101515
<b>ATTACHMENT</b>	Attachment 1 Joondalup Performing Arts and Cultural Facility – Business Case – Consultation Analysis Report
<b>AUTHORITY / DISCRETION</b>	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budget

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**PURPOSE**

For Council to note the outcomes of community consultation on the Joondalup Performing Arts and Cultural Facility (JPACF) Business Case and to consider the options in relation to the progression of the JPACF Project.

**EXECUTIVE SUMMARY**

At its special meeting held on 1 February 2017 (JSC01-02/17 refers) Council resolved in part to endorse the JPACF Business Case for the purpose of community consultation and noted a report would be provided to Council in June 2017 detailing the results of the community consultation process and to determine whether or not to proceed with the construction of the JPACF.

The community consultation process commenced on 16 February 2017 and ended on 30 March 2017 and was run in accordance with the endorsed communications plan and the City's *Community Engagement Protocol*.

A detailed analysis of the community consultation results is provided in Attachment 1 to this Report.

The City collected 1,542 valid responses throughout the 42 day consultation period. Of the valid responses received 48.0% (740) indicated support for the proposed JPACF Business Case and project, while 41.9% (646) indicated opposition, 3.0% were unsure and 7.1% did not respond to the particular question. Of the total number of responses received 13.4% (238) were deemed invalid due to duplicate entries from the same household (215) or no contact details were provided (Table 8 in Attachment 1 refers).

From the valid responses 1,289 identified themselves as residents or ratepayers of the City. 40.4% (520) of the residents and ratepayers expressed their support while 49.4% (638) indicated opposition (Table 10 in Attachment 1 refers).

Of the remainder of the valid responses, 246 indicated that they reside outside of the City and were not residents or ratepayers, with a split of 87.4% (215) expressing support while 2.4% (6) recorded their opposition (Table 11 in Attachment 1 refers).

If Council decides to proceed with the project there are several options regarding project implementation and timing to be considered. Should Council decide to proceed, the recommended option is to progress with the Design Development phase as outlined in the project program included in the JPACF Business Case. Council also has the option not to proceed with the project.

*It is therefore recommended that Council:*

- 1 *NOTES the results of the community consultation on the Joondalup Performing Arts and Cultural Facility Business Case as detailed in Attachment 1 to this Report;*
- 2 *REQUESTS the Chief Executive Officer to initiate the Design Development phase of the project as outlined in the project program in the Joondalup Performing Arts and Cultural Facility Business Case and as detailed in this Report;*
- 3 *NOTES that the City will continue to investigate funding opportunities from the State Government and other external sources prior to a decision being made to progress to construction of the Joondalup Performing Arts and Cultural Facility;*
- 4 *NOTES that the City will engage the services of a Project Director to assist the City with implementation of the Design Development phase of the project;*
- 5 *NOTES that a review of the Business Case will be undertaken parallel to the Design Development phase of the project. A refined Business Case will be presented to Council at an appropriate stage of the Design Development phase to enable a decision to be made to progress to construction of the Joondalup Performing Arts and Cultural Facility;*
- 6 *NOTES that the Risk Management Plan will be reviewed and updated.*

## **BACKGROUND**

At its special meeting held on 1 February 2017 (JSC01-02/17 refers), Council resolved that it:

- “1 *ENDORSES the refined Joondalup Performing Arts and Cultural Facility Business Case, dated January 2017 for the purpose of advertising for public comment, subject to formatting and grammatical changes being made to the business case prior to public comment;*
- 2 *REQUESTS the draft communications plan be modified as follows:*
  - 2.1 *the inclusion of two community forums;*
  - 2.2 *the community consultation brochure being modified to reflect:*

- 2.2.1 *the purpose of the facility;*
- 2.2.2 *a detailed schedule identifying:*
- 2.2.2.1 *costs per household;*
- 2.2.2.2 *social return on investment;*
- 2.2.2.3 *comparative subsidies;*
- 2.2.2.4 *economic return on investment;*
- 2.2.2.5 *benefit cost ratio;*
- 2.3 *the FAQ document including information concerning benefits of the proposal, cost per household, financial impact and how the City has financially planned for this project, including how business model efficiencies have been implemented as part of the preparation of this project;*
- 3 *NOTES that the public comment period will run for 42 days commencing on 16 February 2017 and closing on 30 March 2017;*
- 4 *NOTES that the Joondalup Performing Arts and Cultural Facility Business Case is predicated on the full utilisation of Tamala Park land sale proceeds;*
- 5 *REQUESTS the community consultation material being viewed by Mayor Troy Pickard and the Presiding Member of the Finance Committee, Cr Tom McLean prior to it being released to the public;*
- 6 *NOTES that a further report will be provided to Council in June 2017 detailing the results of the community consultation process to determine whether or not to proceed with the construction of the Joondalup Performing Arts and Cultural Facility.”*

At its meeting held on 13 March 2017 the Major Projects Committee (Committee) received a verbal update from the Chief Executive Officer on the progress of the JPACF community consultation process (Item 4 refers).

At its meeting held on 8 May 2017 the Committee noted a status report on the JPACF project (Item 3 refers). The report provided a sequential update on the community consultation process, presentations to stakeholders and community forums held. The Committee also noted that options to progress the project have been identified for investigation in the event that Council decides to proceed to the next phase of the project.

## **DETAILS**

### **Community Consultation**

The community consultation process was advertised for 42 days in accordance with the endorsed communications plan, commencing on 16 February 2017 via the following means:

- *Joondalup Times and Joondalup Weekender newspaper adverts.*
- *Online information.*
- *Social media.*
- *A mail-out of approximately 72,500 letters, with accompanying brochures was sent to all occupiers of City residential and commercial premises, ratepayers and key stakeholders.*

### *Presentations*

The City presented details of the JPACF project and Business Case to representatives of the WA Liberal and Labor Parties, separately, on 6 February 2017.

The City provided three presentations on details of the JPACF project and Business Case to key stakeholders, schools and arts group representatives – on 13 February 2017 and one on 23 February 2017.

### *Community Forums*

In accordance with Council's resolution, the City held two community forums on the JPACF Business Case:

- Thursday 23 March 2017, 6.00pm – 7.30pm  
Warwick Hall, Warwick Grove, 12 Dorchester Ave, Warwick.
- Tuesday 28 March 2017, 6.00pm -7.30pm  
Joondalup Reception Centre, 102 Boas Ave, Joondalup.

The forums were advertised on the City's website, in the *Joondalup Weekender*, on social media and on display screens in some City owned buildings. Twenty eight people were registered as attending the Warwick forum and 45 people were registered as attending the Joondalup forum.

The community consultation process was run in accordance with the endorsed communications plan and ended on 30 March 2017. For a comment form to be valid, contact details of the respondent needed to be provided and only one survey form was accepted per household / club / group or organisation. For community consultation processes of this nature the number of valid responses received, as quantified below, is satisfactory and considered representative of the total sample size.

The City collected 1,542 valid responses throughout the 42 day consultation period. 48% (740) of the valid responses indicated support for the proposed JPACF project and Business Case, while 41.9% (646) indicated opposition, 3% were unsure and 7.1% did not respond to the particular question (Table 8 in Attachment 1 refers).

A total of 238 (13.4%) responses were deemed invalid due to duplicate entries from the same household (215) or the omission of contact details. The survey form indicated that contact details must be provided to ensure the response was valid and that only one response per household was acceptable.

From the valid responses 1,289 identified themselves as residents or ratepayers of the City. 40.4% (520) of the residents and ratepayers expressed their support while 49.4% (638) indicated opposition (Table 10 in Attachment 1 refers).

The City received 246 responses from people who reside outside of the City and are not residents or ratepayers. Of these, 87.4% (215) were supportive of the project while 2.5% (6) indicated their opposition (Table 11 in Attachment 1 refers).

Also of note is that of the 626 respondents aged 49 years and under, 63.6% expressed support and 25.9% opposed. Of the 893 respondents aged 50+ years, 38.0% expressed support and 52.5% opposed. The respondents not captured in the results above either indicated they were unsure or they did not answer the question.



A detailed analysis of the community consultation results is provided in Attachment 1 to this Report.

### Project Progression Options

At its meeting held on 8 May 2017 (Item 3 refers) the Committee noted that options to progress the project had been identified for investigation in the event that Council decide to proceed to the next phase of the project.

In broad terms these investigations include research into:

- Development of delivery models including identification of a scope for the Project Director (PD).
- Facility management models including programming and fee structures.
- Risk management and mitigation.
- Project program and schedule review.
- Improve cost accuracy through the Design Development phase to enhance funding opportunities including sponsorships and capital grant funding.

Council has an option of proceeding with the next stage of the design process, being the Design Development phase, concurrent with the above.

The outcome of the Design Development phase will be a Design Development report which will better inform the Business Case and allow Council to more accurately assess the overall costs of the development, while also providing a greater level of detail in the design.

The option to progress to the Design Development phase does not commit Council to proceeding with the overall development.

As part of the Design Development phase the City proposes to engage a PD to represent the City's interests.

The role and responsibility of a PD is to value add to the project delivery, inclusive of the architectural design process. The PD role is to review and recommend a project procurement strategy to optimise value for money, reduce risks, provide for innovation, maintain budgets, control contract performance, and to provide strategic, independent, expert, transparent leadership and reporting for the project.

The various stages of the project are outlined in the Business Case and have been developed in consultation with the project architects and project architectural advisor. A PD engaged by the City would review and further inform the project program and make recommendations on appropriate project implementation and procurement options.

ARM Architecture recently provided the City with a reviewed scope of works and fee proposal for the Design Development phase. The scope includes ARM Architecture acting as lead consultant with all sub-consultants (approximately 20) being engaged by them. The sub-consultant team is the same as that involved in the schematic design phase.

The deliverables for the Design Development phase will be a Design Development report which will follow the same structure as the completed schematic design report, adding more detail to the sections as summarised below:

- Schedule of feedback received and design changes since the schematic design report.
- Schedule of issues yet to be resolved and action proposed to resolve them.

- Descriptions of each functional area/room will include materials and finishes, proposed furniture, and indicative 3D views.
- Design Development architectural drawings, including site plan, all floor plans, ceiling plans, elevations and building sections at 1:100, as well as key sections and details at a larger scale.
- Rendered views.
- Exterior and interior materials schedules (including samples board), planting schedule, fixtures and equipment schedule, furniture schedule.
- Design Development reports from all sub-consultants, including drawing sets where relevant.
- Room data sheets.

The Design Development report will include input from the following disciplines:

- Architecture.
- Theatre + AV design.
- Acoustic engineering.
- Quantity surveyor.
- Landscape architecture.
- Structural engineering.
- Civil engineering.
- Electrical engineering.
- Lift engineering.
- Mechanical engineering.
- Hydraulics / fire services.
- Fire engineering.
- Environmentally sustainable development.
- Transport.
- Façade engineering.
- Building certification.
- Specialist lighting.
- Geotechnical.
- Irrigation.
- Signage and way-finding.

The fee for architectural services for the Design Development phase (including sub-consultant fees) is estimated at \$1.7 million (excl. GST). The proposed fees are included in the proposed 2017-18 JPACF project budget and forms part of the overall JPACF capital cost of \$99.7 million (today's dollars) as outlined in the JPACF Business Case and the City's *20 Year Strategic Financial Plan*.

Part of the City's ongoing investigations into benchmark facilities includes the Cairns Regional Council's Performing Arts Centre which is currently under construction. This project is due for completion in late 2018. The centre consists of a 940 seat main auditorium and a 400 seat secondary performance space. The total cost is \$76.5 million of which \$10 million is being funded by the Federal Government and \$15 million from the Queensland State Government. The remainder is being funded by the Cairns Regional Council. It should be noted that the JPACF differs from the Cairns Performing Arts Centre in that the JPACF is an 'Art Box' facility containing a dedicated art gallery, conferencing and exhibition spaces, community spaces, the Jinan Garden, and multi-storey car parking.

### **Issues and options considered**

In considering the progress of the JPACF project Council can either progress one of the following:

- Note the results of the community consultation and defer the project pending further investigations and a successful attempt to secure external funding for the project. It should be noted that the recommended design and documentation phase will refine and improve the accuracy of the costs, as required by funding sources previously approached.
- Note the results of the community consultation and proceed with the Design Development stage as outlined in this report and the JPACF Business Case, before reconsidering whether to progress the project at an appropriate stage as recommended by a PD, which is the recommended option. As noted above, this phase will refine and improve the full cost implications of the project and with the appointment of a PD provide independent, expert management of the project. This option is considered the most cost effective for the City and is recommended.
- Note the results of the community consultation and proceed with the construction of the project. This option is not supported at this time.

### **Legislation / Strategic Community Plan / policy implications**

<b>Legislation</b>	<i>Local Government Act 1995.</i>
<b>Strategic Community Plan</b>	
<b>Key theme</b>	Community Wellbeing.
<b>Objective</b>	Cultural development.
<b>Strategic initiative</b>	Establish a significant cultural facility with the capacity to attract world-class visual and performing arts events.
<b>Policy</b>	<i>Community Consultation and Engagement Policy.</i>

### **Risk management considerations**

A risk management plan outlining the risks apparent to the project has been prepared and is currently being reviewed. Risk management will be thoroughly investigated by the PD, prior to the project proceeding to construction. The financial risks and sensitivities are outlined in the JPACF Business Case.

**Financial / budget implications**Current financial year impact

<b>Account no.</b>	1-210-C1002.
<b>Budget Item</b>	Joondalup Performing Arts and Cultural Facility.
<b>Budget amount</b>	\$ 446,270
<b>Amount spent to date</b>	\$ 401,616
<b>Balance</b>	\$ 44,654

The budget allocated for 2016-17 is for the engagement of expert consultants and other costs associated with project management, site assessment, schematic design fees, Business Case preparation and community consultation.

2017-18 financial year impact

<b>Account no.</b>	1-210-C1002.
<b>Budget Item</b>	Joondalup Performing Arts and Cultural Facility
<b>Proposed Budget amount</b>	\$3,788,905

The proposed budget allocated for 2017-18 is for the engagement of external consultants and other costs associated with the design development, documentation and tendering phases of the project. These costs are incorporated into the City's *20 Year Strategic Financial Plan* and forms part of the estimated capital outlay of \$99.7 million (today's dollars).

Future financial year impact

The development of the JPACF will require a significant financial contribution towards the capital cost, ongoing costs and an annual subsidy for the facility's operations.

The capital cost of the facility is estimated to be \$99.7 million in today's dollars. As indicated in the JPACF Business Case, the City will continue to attempt to secure funding from State and Federal Governments as well as other external sources to assist with the capital cost of the facility.

The financial analysis undertaken to date for the JPACF indicates an annual operating subsidy of between \$800,000 and \$900,000 (excluding borrowing costs and depreciation). It should be noted that investigations have indicated that annual operating subsidies for comparable facilities in Australia can exceed \$1 million.

**20 Year Strategic Financial Plan impact** \$97.4 million.

**Impact year** 2017-18.

All amounts quoted in this report are exclusive of GST.

**Regional significance**

The construction of the JPACF will enhance the City Centre as the major commercial, educational, recreational and arts and cultural centre for the northern corridor of the Perth metropolitan area.

## **Sustainability implications**

Sustainability implications have been considered during the Schematic Design phase and have been incorporated into the Business Case for the facility. The consideration of sustainability implications will continue throughout the Design Development phase.

## **Consultation**

From the early stages of the project the City has continued to consult widely on the JPACF project.

The following consultation has taken place on the project to date:

- In the initial scoping and planning phases of the project a comprehensive survey of various schools, community groups and professional cultural and performing arts performers and artists was undertaken by the City.
- In the preparation of the 2012 Market Analysis and Feasibility Study, numerous performing arts managers, performing arts venues, arts producers, local cultural organisations and existing, school, convention, sporting and learning facility representatives were consulted.
- During the architectural design competition for the concept design, ratepayers, residents and the broader community were given the opportunity to view the four conceptual design submissions and vote and comment on their preferred design. The City received over 450 votes and numerous comments.
- On an ongoing basis the City has consulted with performing arts facility managers, the Department of Culture and the Arts and the Perth Theatre Trust. The City has also liaised with experts in the performing arts, conferencing, events, exhibitions and education sectors.
- From 2011 to 2015 the JPACF project was overseen by the former JPACF Steering Committee which included external members from the Joondalup Learning Precinct, specialist performing arts and cultural experts and members from community arts groups.
- The City has briefed Government and Opposition representatives at both State and Federal level highlighting the local, regional, social and economic benefit of this proposed facility, with the intention of obtaining financial support.
- Throughout the various phases of the project consultants specialising in facility operation and management, architecture and social, economic and financial analysis, have been engaged by the City.
- Community Consultation on the JPACF Business Case was undertaken over a 42 day period from 16 February 2017 to 30 March 2017. An outline of the consultation process is included in the Details sections above and discussed in the comments section below. Attachment 1 provides a comprehensive analysis of the results.

## **COMMENT**

The JPACF will represent a significant milestone in the development of the City. Since the early 1990s the City has prepared numerous plans and studies, culminating in the current design and Business Case.

The construction of a performing arts and cultural facility within the Joondalup City Centre is critical to achieving the City's aspirations of establishing a thriving cultural scene within the City of Joondalup. It will also aid in encouraging greater activity within the City Centre to improve economic growth and investment.

The project will result in a significant financial commitment from the City and its ratepayers and the Business Case demonstrates that the project is affordable in terms of capital and ongoing costs. The project is now at a stage where a significant investment decision is required to further progress to Design Development. The completion of detailed design will enable the project to progress to documentation and tendering stage where final costings would be identified prior to a decision to proceed with the construction of the facility.

## VOTING REQUIREMENTS

Simple Majority.

### MOVED Cr Hollywood, SECONDED Cr Gobbert that Council:

- 1 **NOTES** the results of the community consultation on the Joondalup Performing Arts and Cultural Facility Business Case as detailed in Attachment 1 to this Report;
- 2 **REQUESTS** the Chief Executive Officer to initiate the Design Development phase of the project as outlined in the project program in the Joondalup Performing Arts and Cultural Facility Business Case and as detailed in this Report;
- 3 **NOTES** that the City will continue to investigate funding opportunities from the State Government and other external sources prior to a decision being made to progress to construction of the Joondalup Performing Arts and Cultural Facility;
- 4 **NOTES** that the City will engage the services of a Project Director to assist the City with implementation of the Design Development phase of the project;
- 5 **NOTES** that a review of the Business Case will be undertaken parallel to the Design Development phase of the project. A refined Business Case will be presented to Council at an appropriate stage of the Design Development phase to enable a decision to be made to progress to construction of the Joondalup Performing Arts and Cultural Facility;
- 6 **NOTES** that the *Risk Management Plan* will be reviewed and updated.

The Motion was Put and

**CARRIED (4/3)**

**In favour of the Motion:** Mayor Pickard, Crs Chester, Gobbert and Hollywood.

**Against the Motion:** Crs Fishwick, Jones and Norman.

*Appendix 1 refers*

To access this attachment on electronic document, click here: [Attach1agnMPC170606.pdf](#)

## **CLOSURE**

There being no further business, the Presiding Member declared the meeting closed at 8.14pm; the following Committee Members being present at that time:

Mayor Troy Pickard  
Cr Kerry Hollywood  
Cr Nige Jones  
Cr Liam Gobbert  
Cr Mike Norman  
Cr John Chester  
Cr Russ Fishwick, JP