

minutes

Major Projects and Finance Committee

MEETING HELD ON **MONDAY 12 MARCH 2018**

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CITY OF JOONDALUP

MINUTES OF THE MAJOR PROJECTS AND FINANCE COMMITTEE MEETING HELD IN CONFERENCE ROOM 1, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON MONDAY 12 MARCH 2018.

ATTENDANCE

Committee Members

Mayor Hon. Albert Jacob, JP		
Cr Kerry Hollywood		<i>Absent from 7.34pm to 7.41pm</i>
Cr Tom McLean, JP	<i>Deputising for Cr Kerry Hollywood</i>	<i>from 7.34pm to 7.41pm</i>
Cr Philippa Taylor		<i>Absent from 7.29pm to 7.31pm</i>
Cr Russell Poliwka		<i>Absent from 5.53pm to 6.30pm</i>
Cr Christine Hamilton-Prime		<i>Absent from 7.21pm to 7.23pm</i>
Cr John Chester	<i>Deputising for Cr John Logan</i>	
Cr Russ Fishwick, JP		

Observer

Cr Tom McLean, JP

Officers

Mr Garry Hunt	Chief Executive Officer	
Mr Mike Tidy	Director Corporate Services	
Mr Nico Claassen	Director Infrastructure Services	
Mr Brad Sillence	Manager Governance	
Mr Mike Smith	Manager Leisure and Cultural Services	<i>to 7.03pm</i>
Mr Blignault Olivier	Manager City Projects	
Mr John Byrne	Governance Coordinator	
Mrs Genevieve Hunter	Senior Projects Officer	<i>to 7.29pm; Absent from 6.30pm to 6.35pm</i>
Mrs Lesley Taylor	Governance Officer	

Guest

Mr Simon Moen, Technical Advisor, Partner - Jackson McDonald Lawyers *to 6.30pm*

DECLARATION OF OPENING

The Presiding Member declared the meeting open at 5.49pm.

DECLARATIONS OF INTEREST

Disclosures of Financial / Proximity Interest

A declaration under this section requires that the nature of the interest must be disclosed. Consequently a member who has made a declaration must not preside, participate in, or be present during any discussion or decision-making procedure relating to the matter the subject of the declaration. An employee is required to disclose their financial interest and if required to do so by the Council must disclose the extent of the interest. Employees are required to disclose their financial interests where they are required to present verbal or written reports to the Council. Employees are able to continue to provide advice to the Council in the decision making process if they have disclosed their interest.

Name/Position	Cr Kerry Hollywood.
Item No./Subject	Item 8 - Burns Beach Cafe/Restaurant - Project Status.
Nature of interest	Proximity Interest.
Extent of Interest	Cr Hollywood lives close to the proposed new café restaurant boundary.

Name/Position	Cr Russell Poliwka.
Item No./Subject	Item 10 - Confidential - Joondalup City Centre Development - Project Status.
Nature of interest	Proximity Interest.
Extent of Interest	Cr Poliwka is a beneficiary of a property owned across the road.

Disclosure of interest affecting impartiality

Elected Members (in accordance with Regulation 11 of the *Local Government [Rules of Conduct] Regulations 2007*) and employees (in accordance with the Code of Conduct) are required to declare any interest that may affect their impartiality in considering a matter. This declaration does not restrict any right to participate in or be present during the decision-making process. The Elected Member/employee is also encouraged to disclose the nature of the interest.

Name/Position	Cr Philippa Taylor.
Item No./Subject	Item 5 - Ocean Reef Marina Project Status.
Nature of interest	Interest that may affect impartiality.
Extent of Interest	Cr Taylor is a social member of the Ocean Reef Sea Sports Club.

APOLOGIES/LEAVE OF ABSENCE

Apology:

Cr John Logan.

Leave of Absence Previously Approved:

Cr Sophie Dwyer	21 February to 31 March 2018 inclusive;
Cr John Chester	23 February to 19 March 2018;
Cr Mike Norman	6 April to 13 April 2018 inclusive;
Mayor Hon. Albert Jacob, JP	26 April to 7 May 2018 inclusive.

CONFIRMATION OF MINUTES

MINUTES OF THE SPECIAL MAJOR PROJECTS AND FINANCE COMMITTEE HELD ON 6 NOVEMBER 2017.

MOVED Cr Fishwick SECONDED Cr Hollywood that the minutes of the meeting of the Special Major Projects and Finance Committee held on 6 November 2017 be confirmed as a true and correct record.

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Mayor Jacob, Crs Chester, Fishwick, Hamilton-Prime, Hollywood, Poliwka and Taylor.

ANNOUNCEMENTS BY THE PRESIDING MEMBER WITHOUT DISCUSSION

Nil.

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.

CONSIDERATION TO CHANGE THE ORDER OF BUSINESS

MOVED Mayor Jacob, SECONDED Cr Hamilton-Prime that the Major Projects and Finance Committee in accordance with clause 14.1 of the *City of Joondalup Meeting Procedures Local Law 2013*, suspends the operation of clause 4.3 – Order of Business of the *City of Joondalup Meeting Procedures Local Law 2013*, to enable Item 10 – Confidential – Joondalup City Centre Development – Project Status to be considered as the first item of business on the agenda.

The Procedural Motion was Put and

CARRIED (7/0)

In favour of the Procedural Motion: Mayor Jacob, Crs Chester, Fishwick, Hamilton-Prime, Hollywood, Poliwka and Taylor.

REPORTS**Disclosure of Proximity Interest**

Name/Position	Cr Russell Poliwka.
Item No./Subject	Item 10 - Confidential - Joondalup City Centre Development - Project Status.
Nature of interest	Proximity Interest.
Extent of Interest	Cr Poliwka is a beneficiary of a property owned across the road.

Cr Poliwka left the room at 5.53pm.

ITEM 10 CONFIDENTIAL - JOONDALUP CITY CENTRE DEVELOPMENT - PROJECT STATUS

WARD	North
RESPONSIBLE DIRECTOR	Mr Garry Hunt Office of the CEO
FILE NUMBER	103036, 101515
ATTACHMENTS	Attachment 1 Boas Place Concept Plan Option 4B Attachment 2 Draft outline of a generic Order of Magnitude Business Case
	<i>(Please Note: The Report and Attachments are confidential and will appear in the official Minute Book only).</i>
AUTHORITY / DISCRETION	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

This report is confidential in accordance with Section 5.23(e)(ii) of the *Local Government Act 1995*, which also permits the meeting to be closed to the public for business relating to the following:

- *A matter that if disclosed, would reveal information that has a commercial value to a person.*

A full report was provided to Elected Members under separate cover. The report is not for publication.

OFFICER'S RECOMMENDATION:

That Council:

- 1 DOES NOT SUPPORT the proposal received from Devwest Group Pty Ltd for the development of a hotel on Lot C, Boas Place;
- 2 REQUESTS the Chief Executive Officer to advise Devwest Group Pty Ltd of its decision as outlined in part 1 above;
- 3 REQUESTS the Chief Executive Officer to explore alternative strategies, through the preparation of an Order of Magnitude Business Case, for attracting major developers for the Boas Place development.

MOVED Cr Fishwick, SECONDED Cr Hollywood that Council:

- 1 **DOES NOT SUPPORT** the proposal received from Devwest Group Pty Ltd for the development of a hotel on Lot C, Boas Place due to:
 - 1.1 the low value proposed for the sale of the site (\$700,000);
 - 1.2 lack of clarify surrounding Devwest Group Pty Ltd's contribution to the public realm;
 - 1.3 the design as proposed not aligning with the City's planning requirements;
- 2 **REQUESTS** the Chief Executive Officer to advise Devwest Group Pty Ltd:
 - 2.1 of its decision as outlined in part 1 above;
 - 2.2 that Council seeks the sale of the designated site equal to the sworn valuation, if acceptable to the City,and a response from Devwest Group Pty Ltd is required within 30 days;
- 3 **REQUESTS** the Chief Executive Officer to explore alternative strategies, through the preparation of an Order of Magnitude Business Case, for attracting major developers for the Boas Place development.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Mayor Jacob, Crs Chester, Fishwick, Hamilton-Prime, Hollywood and Taylor.

Mr Moen left the room at 6.30pm.

The Senior Projects Officer left the room at 6.30pm.

Cr Poliwka entered the room at 6.30pm.

RESUMPTION OF ORDER OF BUSINESS

MOVED Mayor Jacob, **SECONDED** Cr Hamilton-Prime that the Major Projects and Finance Committee **RESUMES** the operation of clause 4.3 of the *City of Joondalup Meeting Procedures Local Law 2013 – Order of Business*.

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Mayor Jacob, Crs Chester, Fishwick, Hamilton-Prime, Hollywood, Poliwka and Taylor.

**ITEM 1 2019-20 COMMUNITY FACILITY REFURBISHMENT
PROJECTS - MILDENHALL AND DUNCRAIG
COMMUNITY CENTRE**

WARD	South
RESPONSIBLE DIRECTOR	Mr Mike Tidy Corporate Services
FILE NUMBER	49665, 101515
ATTACHMENTS	Attachment 1 Mildenhall and Duncraig Community Centre aerial map Attachment 2 Mildenhall floorplan (existing) Attachment 3 Mildenhall concept plan Attachment 4 Mildenhall cost estimate Attachment 5 Duncraig Community Centre floorplan (existing) Attachment 6 Duncraig Community Centre concept plan Attachment 7 Duncraig Community Centre cost estimate
AUTHORITY / DISCRETION	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

PURPOSE

For Council to consider feedback on the concept plans, estimated capital costs and recommendations for the 2019-20 community facility refurbishment projects for Mildenhall and Duncraig Community Centre.

EXECUTIVE SUMMARY

Each year the City plans to undertake one or two refurbishments of community and sporting facilities.

Mildenhall and Duncraig Community Centre are located within the Percy Doyle Reserve on Beddi Road, Duncraig.

Mildenhall was constructed in 1981 and consists of a main hall; four activity rooms, kitchen, toilets, office, hairdresser room, consult room and store rooms. Duncraig Community Centre was constructed in 1991 and consists of two halls (can be combined to make one large hall), a meeting room, office, kitchen, toilets and storerooms.

As part of the needs analysis stage of the projects, stakeholder consultation was undertaken with all regular hire groups of both facilities. Considering the feedback and priorities identified by the City, a scope of works was developed in order to complete concept plans and a cost estimate for each project.

Currently, there is \$370,000 listed in the City's *Five Year Capital Works Program* in 2018-19 and 2019-20 for the Mildenhall refurbishment project. Based on the agreed concept plan, the cost estimate for the project is \$407,000.

Currently, there is \$233,000 listed in the City's *Five Year Capital Works Program* in 2018-19 and 2019-20 for the Duncraig Community Centre refurbishment project. Based on the agreed concept plan, the cost estimate for the project is \$267,800.

It is therefore recommended that Council:

- 1 *NOTES that \$44,000 (reserve funds) is listed in 2018-19 for detailed design and \$326,000 (reserve funds) is listed in 2019-20 for construction within the City's Five Year Capital Works Program for the refurbishment of Mildenhall;*
- 2 *NOTES that \$28,000 (reserve funds) is listed in 2018-19 for detailed design and \$205,000 (reserve funds) is listed in 2019-20 for construction within the City's Five Year Capital Works Program for the refurbishment of Duncraig Community Centre;*
- 3 *APPROVES the proposed refurbishment works at Mildenhall as detailed in this Report to proceed to the detailed design and tender stage;*
- 4 *APPROVES the proposed refurbishment works at Duncraig Community Centre as detailed in this Report to proceed to the detailed design and tender stage.*

BACKGROUND

Suburb/Location	Percy Doyle Reserve 47-49 Beddi Road Duncraig WA 6023.
Applicant	City of Joondalup.
Owner	Crown Land – City of Joondalup Management Order.
Zoning	Civic and Cultural.
DPS	
MRS	Urban.
Site area	10,971.5m ² .
Structure plan	Not applicable.

Since 2007, the City has undertaken one or two community facility refurbishment projects each year. Refurbishment projects intend to improve the functionality and aesthetics of the facility and are not designed to undertake general maintenance. The scope of each project is generally confined to the following aspects:

- Painting.
- Replacing fixtures and fittings.
- Upgrading external environments – for example building pathways, landscaping around the building, signage.
- Kitchen facilities.
- Floor coverings.
- Toilets and changerooms (including refurbishment or new extensions).
- Storage facilities (extensions to the facility).
- Heating/cooling systems.
- Window treatments.

Mildenhall and Duncraig Community Centre are located within the Percy Doyle Reserve on Beddi Road, Duncraig (Attachment 1 refers).

At its meeting held on 21 April 2015 (CJ061-04/15 refers), Council agreed to an amended priority list of refurbishment works to community facilities including the facilities at Percy Doyle Reserve due to the delay in the *Percy Doyle Masterplan* project. It was determined to undertake refurbishments at Mildenhall and Duncraig Community Centre to extend the life of the facilities as they have had limited major maintenance over the last few years. The budget figure for the projects was developed by a desktop review and not based on any project scoping, concept plans or cost estimates and did not include an allowance for cost escalation.

Mildenhall

Mildenhall was constructed in 1981 and consists of a main hall, four activity rooms, kitchen, toilets, office, hairdresser room, consult room and store rooms (Attachment 2 refers). The facility is used predominantly by the Duncraig Senior Citizens Club (approximately 195 participants). Other regular hirers include the Northern Districts Laurel Club, Sorrento/Duncraig Red Cross, the Pastel Society of WA Incorporated, Shona Dees Dance, Duncraig Group Alcoholics Anonymous and the Undenominational Christians Gospel Service (approximately 296 participants).

The Duncraig Senior Citizens Club has a licence agreement for two of the activity rooms and the office which gives them exclusive use of these areas. The facility design and layout meets the current needs of the user groups, so only critical works are recommended to extend the life of the facility.

Currently, there is \$370,000 listed in the City's *Five Year Capital Works Program* in 2018-19 and 2019-20 for the Mildenhall refurbishment project.

Duncraig Community Centre

The Duncraig Community Centre was constructed in 1991 and consists of two halls (can be combined to make one large hall), a meeting room; office, kitchen; toilets and storerooms (Attachment 5 refers). The facility currently has six regular user groups (approximately 700 participants): Duncraig Play Group, Duncraig Girl Guides, Wonderland Early Learning Centre, First Duncraig Scout Group, the Old Apostolic Church and Body Torque Physiotherapy and Pilates.

The facility is heavily utilised by the playgroup and out of school care provider and while the design and layout meets the current needs of the user groups there are some improvements required to extend the life of the facility, for example a kitchen refurbishment.

Currently, there is \$233,000 listed in the City's *Five Year Capital Works Program* in 2018-19 and 2019-20 for the Duncraig Community Centre refurbishment project.

DETAILS

Stakeholder consultation

As part of the needs analysis stage of the projects, stakeholder consultation was undertaken with all regular hire groups of both facilities. As part of the consultation, groups were advised that only critical works were proposed for the refurbishments in order to extend the life of the facilities.

All user groups signed the draft concept plans agreeing with all of the proposed works to be considered as part of the projects.

Concept plans and capital cost estimates

A scope of works was developed based on addressing critical works to extend the life of both facilities. Facility concept plans were developed based on the scope of works and cost estimates were obtained from an external quantity surveyor.

Mildenhall

The proposed facility concept plan (Attachment 3 refers) includes: kitchen refurbishment (replace benches/cupboards, new tiling, new flooring, new oven and general refurbishment); replacement of windows in the main hall and activity room two, roof replacement as corrosion is evident and internal painting. A temporary classroom and storage containers have been included in the cost estimate to accommodate the user groups during construction.

The following is a summary of the items and cost estimates (Attachment 4 refers):

Item	Cost (\$)
Roof replacement	256,800
Main hall / activity room two – highlight window replacement	57,800
Kitchen refurbishment	56,000
Repaint internal surfaces	31,400
Temporary facilities	5,000
TOTAL	\$407,000

The cost estimate summary table includes preliminaries and small works margin (20%), professional fees in order to undertake detailed design (12%), design contingencies (5%), building contingencies (5%) and cost escalation to June 2019 (4.44%).

All amounts quoted in this report are exclusive of GST.

Duncraig Community Centre

The proposed facility concept plan (Attachment 6 refers) includes: toilet refurbishments (replace all fixtures and fittings, new tiling); kitchen refurbishment (replace benches/cupboards, new tiling, new flooring, new oven and general refurbishment); replacement of heating/cooling system in the main hall and office, install storage caging, community group store two floor sealing, replacement of ceiling tiles in foyer, rekey facility under the City's master keying system and internal painting. A temporary classroom, office and storage containers have been included in the cost estimate to accommodate the user groups during construction.

The following is a summary of the items and cost estimates (Attachment 7 refers):

Item	Cost (\$)
Main hall – replace heating /cooling system	12,600
Office – replace heating / cooling system	4,700
Toilet / universal access toilet / parents room refurbishment	112,900
Kitchen refurbishment	41,200
Foyer – replace ceiling tiles	12,600
Community group store two – floor sealing	1,600
Internal surfaces – repaint	21,200
Install storage caging	2,000
Rekey facility	12,000
Temporary facilities	47,000
TOTAL	\$267,800

The cost estimate summary table includes preliminaries and small works margin (20%), professional fees in order to undertake detailed design (12%), design contingencies (5%), building contingencies (5%) and cost escalation to June 2019 (4.44%).

All amounts quoted in this report are exclusive of GST.

Issues and options considered

Mildenhall

Currently, there is \$44,000 listed in 2018-19 for detailed design and \$326,000 in 2019-20 for construction in the City's *Five Year Capital Works Program* for the Mildenhall refurbishment project.

Based on the agreed concept plan, the estimated capital cost is \$407,000. The cost estimate exceeds the current amount listed by \$37,000. Therefore there are two options for the project:

- 1 leave budget at \$370,000 and tender for all items with the option to remove the internal painting (\$31,400) if necessary
- 2 add \$37,000 additional funds to the project so that all works can be undertaken.

It is recommended to include all the works as part of the tender for the project, given the current building industry climate (Option 1). If the construction tender price is over budget, the internal painting could be removed from the project.

Duncraig Community Centre

Currently, there is \$28,000 listed in 2018-19 for detailed design and \$205,000 in 2019-20 for construction in the City's *Five Year Capital Works Program* for the Duncraig Community Centre refurbishment project.

Based on the agreed concept plan, the estimated capital cost is \$267,800. The cost estimate exceeds the current amount listed by \$34,800. Therefore there are two options for the project:

- 1 leave budget at \$233,000 and tender for all items with the option to remove the internal painting (\$21,200) and foyer ceiling tiles (\$12,600) if necessary
- 2 add \$34,800 additional funds to the project so that all works can be undertaken.

It is recommended to include all the works as part of the tender for the project, given the current building industry climate (Option 1). If the construction tender price is over budget, the internal painting and foyer ceiling tiles could be removed from the project.

Legislation / Strategic Community Plan / policy implications

Legislation

Not applicable.

Strategic Community Plan

Key theme

Community Wellbeing.

Objective

Quality facilities.

Strategic initiative

- Support a long-term approach to significant facility upgrades and improvements.
- Understand the demographic context of local communities to support effective facility planning.
- Employ facility design principles that will provide for longevity, diversity, inclusiveness and where appropriate support the decentralising of City Services.

Policy

Requests for New or Capital Upgrades to Existing Community Buildings Policy.

Risk management considerations

All capital projects bring risks in relation to contingencies and over runs against original design. The capital cost estimates are based on high level concept plans and may differ once further detailed designs are under taken for the project.

Financial / budget implications

The following is listed within the City's 2018-19 and 2019-20 *Capital Works Program* for the projects.

Mildenhall

Account no.	MPP2067.
Budget Item	Percy Doyle – Mildenhall refurbishment.
Budget amount	\$370,000 (\$44,000 2018-19 and \$326,000 \$2019-20).
Amount spent to date	Nil.
Balance	\$370,000.

Duncraig Community Centre

Account no.	MPP2068.
Budget Item	Percy Doyle – Duncraig Community Centre refurbishment.
Budget amount	\$233,000 (\$28,000 2018-19 and \$205,000 \$2019-20).
Amount spent to date	Nil.
Proposed cost	Nil.
Balance	\$233,000.

Current financial year impact

Annual operating cost including depreciation	The operating expenses (including depreciation) have been on average \$97,000 for the past 10 years for Mildenhall, and \$77,000 for Duncraig Community Centre. The likely impacts of the refurbishment works would be similar for both buildings. There will be additional depreciation arising from the refurbishment works, estimated at approximately \$20,000 (5% of the capital costs) per year for each building, a total of \$40,000 per year.
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There may also be a reduction in reactive maintenance. For Mildenhall the average reactive maintenance over the past eight years has been \$20,000 and at Duncraig Community Centre \$10,000 per year. Therefore there may be a total reduction of at least \$10,000 in both buildings. The net worsening on the operating deficit is estimated at \$30,000 per year (\$40,000 depreciation less \$10,000 reactive maintenance).

Annual operating income The average annual operating income for Mildenhall is \$10,000 over the last four years. There is not expected to be any change in operating income as a result of the refurbishment.

The average annual operating income for Duncraig Community Centre is \$30,000 over the last four years. There is not expected to be any change in operating income as a result of the refurbishment.

Write-off Some of the proposed works (for example the roof at Mildenhall) are not considered at the end of their asset life within the asset register and as a result there is estimated to be a one-off write-off cost of approximately \$150,000 (\$100,000 for Mildenhall and \$50,000 for Duncraig Community Centre). This write-off will have an impact on the City's operating deficit in the year of completion.

20 Year Strategic Financial Plan impact The Adopted *Five Year Capital Works Program* and the draft *20 Year Strategic Financial Plan* have a capital budget of \$370,000 for Mildenhall and \$233,000 for Duncraig Community Centre from the Strategic Asset Management Reserve. If the budgets do increase based on the cost estimates, the additional funds could be met from the Strategic Asset Management Reserve but this may have an impact to other projects and increased borrowings.

The overall cash impact to the *20 Year Strategic Financial Plan* of the additional capital costs and potential reduction in reactive maintenance is a net benefit of \$150,000.

All amounts quoted in this report are exclusive of GST.

Regional significance

Not applicable.

Sustainability implications

Environmental

All facility refurbishment projects are planned to reduce the impact of the carbon footprint and consider environmental sustainability design features where possible within the project budget.

Social

The project has included consultation with the existing user groups of the facilities to ensure that feedback received represents their needs. Furthermore, refurbishment works consider access and inclusion principles with the aim to enhance the amenity of the public space.

Economic

Not applicable.

Consultation

Consultation was undertaken with all regular hire groups of both facilities during the site and needs analysis and concept design stages in accordance with the City's approved *Community Consultation and Engagement Policy and Protocol*.

COMMENT

Currently, there is \$370,000 listed in the City's *Five Year Capital Works Program* for the Mildenhall refurbishment project. Based on the agreed concept plan, the cost estimate for the project is \$407,000.

The cost estimate exceeds the current amount listed by \$37,000. It is recommended to include all the works as part of the tender for the project, given the current building industry climate. If the construction tender price is over budget, the internal painting could be removed from the project.

Currently, there is \$233,000 listed in the City's *Five Year Capital Works Program* for the Duncraig Community Centre refurbishment project. Based on the agreed concept plan, the cost estimate for the project is \$267,800.

It is recommended the \$34,800 is added to the budget so that all works can be undertaken as part of the project.

The cost estimate exceeds the current amount listed by \$34,800. It is recommended to include all the works as part of the tender for the project, given the current building industry climate. If the construction tender price is over budget, the internal painting and foyer ceiling tiles could be removed from the project.

The cost estimates for both projects are based on high level concept plans and tender prices may differ following the detailed design stage.

In order to complete construction on these projects in 2019-20, detailed design will need to occur in 2018-19. Currently, there is \$44,000 for the Mildenhall refurbishment project and \$28,000 for the Duncraig Community Centre refurbishment project listed in 2018-19 for detailed design in the City's *Five Year Capital Works Program*.

VOTING REQUIREMENTS

Simple Majority.

The Senior Projects Officer entered the room at 6.35pm.

MOVED Cr Fishwick, SECONDED Cr Chester that Council:

- 1** NOTES that \$44,000 (reserve funds) is listed in 2018-19 for detailed design and \$326,000 (reserve funds) is listed in 2019-20 for construction within the City's *Five Year Capital Works Program* for the refurbishment of Mildenhall;
- 2** NOTES that \$28,000 (reserve funds) is listed in 2018-19 for detailed design and \$205,000 (reserve funds) is listed in 2019-20 for construction within the City's *Five Year Capital Works Program* for the refurbishment of Duncraig Community Centre;
- 3** APPROVES the proposed refurbishment works at Mildenhall as detailed in this Report to proceed to the detailed design and tender stage;
- 4** APPROVES the proposed refurbishment works at Duncraig Community Centre as detailed in this Report to proceed to the detailed design and tender stage.

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Mayor Jacob, Crs Chester, Fishwick, Hamilton-Prime, Hollywood, Poliwka and Taylor.

Appendix 1 refers

To access this attachment on electronic document, click here: [Attach1agnMPF180312.pdf](#)

ITEM 2 CRAIGIE LEISURE CENTRE REFURBISHMENT PROJECT

WARD	Central
RESPONSIBLE DIRECTOR	Mr Mike Tidy Corporate Services
FILE NUMBER	103863, 101515
ATTACHMENTS	Attachment 1 Craigie Leisure Centre aerial map Attachment 2 Craigie Leisure Centre floorplan (existing) Attachment 3 Craigie Leisure Centre proposed site plan Attachment 4 Craigie Leisure Centre proposed floorplan Attachment 5 Capital cost estimate
AUTHORITY / DISCRETION	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

PURPOSE

For Council to consider the concept plans and estimated capital costs for the proposed refurbishment of Craigie Leisure Centre.

EXECUTIVE SUMMARY

In 2015, the City engaged a consultant to conduct an operational review of Craigie Leisure Centre to identify opportunities for income growth, particularly in the health and fitness area. A recommendation from this review was that a needs and feasibility study be conducted to consider a possible redevelopment and masterplan of the facility, including financial projections, to ensure the facility meets future community requirements and maximises income growth potential. The study was completed in mid-2016.

Following the needs and feasibility study and consideration of the financial projections in December 2016, a consultant was engaged to develop concept plans and a cost estimate.

The proposed concept plans include the following works:

- Larger gym, crèche, group fitness and cycle room areas and provision of a toilet / change room area with a building extension and reallocation of areas within the existing building footprint.
- New dedicated outdoor fitness training area.
- Realignment of the entrance area including cafe and reception desk to provide outdoor eating area and resolve noise / acoustic issues.
- Refurbishment of existing change rooms (dry side only).

- Conversion of the second level (mezzanine) area to usable space (for example office space and fitness room).
- Explore opportunities to include area for complimentary health commercial services (for example physiotherapy, massage, chiropractic and nutrition).
- Additional overflow car parking area.
- New outdoor rectangle playing surface with floodlighting for night use.

The total estimated cost for the proposed refurbishment works is \$7,584,000. Currently listed in the City's *Five Year Capital Works Program* for the refurbishment project is \$2,382,000 across 2017-18, 2018-19 and 2019-20. Based on the cost estimate, there is a shortfall of \$5,202,000 for the entire project. The needs and feasibility study identified that phasing the refurbishment works would enable costs to be spread over several years to minimise direct impact on the City's resources.

It is recommended that refurbishment and extension of the gymnasium, group fitness and indoor cycling areas (phase one) is undertaken at an estimate of \$2,726,000. This would require the City to allocate an additional \$344,000 to the project, however would provide opportunities for greater participation and income growth.

It is therefore recommended that Council:

- 1 *NOTES the following amounts are currently listed within the City's Five Year Capital Works Program for the Craigie Leisure Centre refurbishment project:*
 - 1.1 *\$250,000 (municipal funds) in 2017-18 for detailed design of the refurbishment project;*
 - 1.2 *\$1,132,000 (municipal funds) in 2018-19 for construction of the refurbishment project;*
 - 1.3 *\$1,000,000 (municipal funds) in 2019-20 for construction of the refurbishment project;*
- 2 *APPROVES phase one of the proposed refurbishment project including gymnasium extension, new group fitness and indoor cycling areas at Craigie Leisure Centre as detailed in this Report at a project cost estimate of \$2,726,000 to proceed to the detailed design and tender stage;*
- 3 *NOTES the budget saving of \$553,000 (reserve funds), for the refurbishment of Duncraig Leisure Centre in 2018-19 of the City's Five Year Capital Works Program as identified in Part 5 of Report CJ142-08/17;*
- 4 *As noted in Part 3 above, LISTS FOR CONSIDERATION applying the budget saving of \$553,000 (reserve funds), to the refurbishment of Craigie Leisure Centre in 2018-19 of the City's Five Year Capital Works Program;*
- 5 *Subject to approval of Part 2 above, NOTES that the remaining proposed redevelopment phases will be considered as part of the next annual 20 Year Strategic Financial Plan review in 2018.*

BACKGROUND

Suburb/Location	Craigie Leisure Centre, 751 Whitfords Avenue, Craigie, WA, 6025.
Applicant	City of Joondalup.
Owner	Crown Land – City of Joondalup Management Order.
Zoning	MRS Parks & Recreation.
Site area	50,941m ² . Bush Forever.
Structure plan	Not applicable.

Craigie Leisure Centre is located on Whitfords Avenue, Craigie (Attachment 1 refers) and was constructed in 1988. The indoor stadium facilities and fitness components were added to the aquatic areas in 1992. Additional improvements and extensions to the health and fitness areas were undertaken in 1995-96. In 2006, the facility was redeveloped with an indoor 25 metre lap pool; indoor leisure pool; spa, sauna, steam room; gym; group fitness room; crèche; cycling room; function room; offices; toilets and change rooms; cafe; merchandise shop and four sports courts. In February 2010, a second phase of the redevelopment was opened which included an outdoor 50 metre lap pool; zero depth water playground and meeting room (Attachment 2 refers). The centre has approximately 3,500 members and had approximately 1,300,000 visitors in 2016-17.

In February 2015, the City engaged a consultant to undertake an operational review of the health and fitness operations at the City's leisure centres (Craigie, Heathridge and Duncraig) in response to a shortfall of projected income during the 2014-15 budget review process. One of the outcomes of the review included considering a facility redevelopment to capitalise on industry trends and maximise income opportunities as the existing facility does not meet the growing needs of the local community and the significant changes within the health and fitness industry.

Following the operational review, an action plan was developed and a number of the recommendations were agreed to be implemented, one of which was to undertake a needs and feasibility study including consideration of a long-term masterplan for Craigie Leisure Centre.

Based on the recommendations from the operational review undertaken in 2015, items that were proposed as part of the refurbishment project included the following:

- Larger gym, crèche, group fitness and cycle room areas and provision of a toilet / change room area either through building extension or reallocation of areas within the existing building footprint.
- New dedicated outdoor fitness training area.
- Realignment of the entrance area including cafe and reception desk to provide outdoor eating area and resolve noise / acoustic issues.
- Refurbishment of existing change rooms (dry side only).
- Conversion of the second level (mezzanine) area to usable space (for example office space and fitness room).
- Explore opportunities to include area for complimentary health commercial services (for example physiotherapy, massage, chiropractic and nutrition).
- Additional overflow car parking area.
- New outdoor rectangle playing surface with floodlighting for night use.

DETAILS

Needs and feasibility study

In August 2015, the City engaged a consultant to undertake a needs and feasibility study that would then be used to develop concept plans and capital cost estimates for the project. Due to the operational review recommending the City consider a long-term masterplan for Craigie Leisure Centre, it was determined that the needs and feasibility study should consider both refurbishment and redevelopment works that could be undertaken and provide staging options for the project.

The study was completed in mid 2016 and the findings in summary were as follows:

- An assessment of benchmarked facilities indicated that the majority which have been redeveloped ad-hoc since they were initially constructed have experienced problems associated with merging new infrastructure within and / or as an extension to the existing infrastructure.
- The focus of any redevelopment should be to the group fitness, gym and enhanced member services areas as they are the main income drivers. Such facilities need to be located in areas which provide good natural lighting, social opportunities, effective programming and have good levels of supervision and security.
- Craigie Leisure Centre performs at an extremely high level with customer throughput and cost recovery being well above the industry average.
- The cost of labour against total expenditure indicates that the centre is run extremely efficiently.
- A number of the main income generators or potential income generators are operating at or near capacity. In particular health and fitness membership has the potential to grow but is limited by current available space in the gym and limited membership services.
- While competitors exist in the five kilometre catchment of the facility, the centre offers a unique service to the local community. To ensure the centre continues to keep pace with competition and maintain its performance standards, additional investment will be required to address current selected performance inconsistencies.

Concept designs

The City engaged a consultant to develop concept plans (Attachments 3 and 4 refer) for the proposed refurbishment works at Craigie Leisure Centre based on the outcomes and recommendations of the needs and feasibility study.

The gym and group fitness activities are the main areas which have been experiencing the most significant challenges in respect to membership retention, income generation and meeting client needs. The gym is recognised as not being of an adequate size to target a wider membership base and while there are a variety of training stations and equipment, the space is cramped and has limited associated matting / areas. The concept design proposes a gym extension of approximately 840m² (currently 460m²) including an outdoor training area, new offices, storage and toilets/change rooms.

To allow the gym to be extended and increase the capacity of group fitness and indoor cycling classes, these areas (group fitness and cycle room) are proposed to be relocated and increased in size to approximately 765m² (currently 554m²). The combining of the gym extension, group fitness and indoor cycling room phases is required as the gym cannot be extended without the group fitness area being relocated.

The existing entrance area has been identified as an issue due to sound echo from the café. The café is therefore proposed to be relocated to a new alfresco area.

The existing reception area has limited visibility and supervision of all customer entry and exit points. The provision of a new central reception area where access to wet and dry activities can be appropriately controlled and a new office area of approximately 244m² in the mezzanine is proposed in the concept design. Relocating the office area to the second level mezzanine allows the existing office areas to be utilised for complementary health commercial services (for example physiotherapy). An extended and refurbished retail area is also proposed.

The existing change rooms (adjacent to the sports courts) are proposed to be refurbished to ensure service levels are improved, particularly for group fitness / indoor cycling patrons.

The existing car park sufficiently serves the general day-to-day operations but is not sufficient to cater for use during peak time activities. It is proposed to formalise the existing over-flow car parking area to create an additional 138 bays on the site.

A new outdoor rectangle playing surface with floodlighting (1,360m²) is proposed as part of the concept design. The advantage of a synthetic surface is that while the construction cost is higher than grass, the potential for income generation is much greater and usage can be maximised without the wear and tear issues of grass.

Estimated capital costs

An external quantity surveyor (QS) has provided a capital cost estimate (Attachment 5 refers) based on the concept plans for the refurbishment project. A summary of the total project cost has been provided in the table below for each component.

Component		Estimated capital cost
1	Gym extension and toilets / change rooms	\$2,350,000
2	Group fitness and cycle rooms	\$376,000
3	Crèche, reception, retail and café alfresco area	\$1,360,000
4	Additional car park (138 bays)	\$355,000
5	Outdoor floodlit rectangle playing surface (synthetic)	\$351,000
6	Change room refurbishment	\$1,340,000
7	Mezzanine office conversion	\$1,070,000
8	Complementary health commercial services area	\$382,000
TOTAL		\$7,584,000

Financial projections

As part of the financial projections model undertaken as part of the needs and feasibility study, payback years for the project have been developed, as shown in the following table.

	Component	Estimated additional income (per annum)	Estimated capital cost	Proposed construction year	Estimated payback year
1	Gym extension and toilets / change rooms	\$541,000	\$2,350,000	2018-19	2025-26
2	Group fitness and cycle rooms	\$144,000	\$376,000		2022-23
3	Crèche, reception, retail and café alfresco area	N/A	\$1,360,000	2020-21	N/A
4	Additional car park (138 bays)	N/A	\$355,000	2023-24	N/A
5	Outdoor floodlit rectangle playing surface (synthetic)	\$339,000	\$351,000	2022-23	2024-25
6	Change room refurbishment	N/A	\$1,340,000		N/A
7	Mezzanine office conversion	N/A	\$1,070,000	2021-22	N/A
8	Complementary health commercial services area	\$50,000	\$382,000		2028-29
TOTAL		\$1,074,000	\$7,584,000		

The estimated payback year for the entire project is estimated as 2030-31. The estimates include preliminaries, design contingency, contract contingency, furniture and fittings, professional fees, public art and environmentally sustainable design allowance. GST and cost escalation are not included.

The needs and feasibility study identified that phasing the project would enable costs to be spread over several years to minimise direct impact on the City's resources. If this approach was adopted, it is suggested that the main income producing areas are conducted as phase one, specifically gym, group fitness and cycling room areas. The total cost of these areas is \$2,726,000, which is \$344,000 over the existing budget allocation for the project. The estimated additional annual income for the group fitness and cycle rooms is \$144,000, with an estimated payback year of 2022-23 and the estimated additional annual income for the gym extension is \$541,000, with an estimated payback year of 2025-26.

Issues and options considered

There are three main options for the Craigie Leisure Centre refurbishment project as follows:

- 1 Not undertake any refurbishment works and identify the \$2,382,000 budget as savings. This is not recommended as the 'dry side' of the facility is at least 12 years old (some areas 20 plus years old) and the patronage has grown significantly in that time such that the health and fitness areas are at capacity. There is limited potential for income growth (other than annual fee increases) if the facility is not expanded to accommodate increased demand.

- 2 Undertake a refurbishment of the gym, group fitness and cycling areas only. This would require the City to allocate approximately \$344,000 of additional funds to the project (or reduce the scope of the design) and would provide some opportunities for greater participation and income growth.
- 3 Plan to undertake all the proposed works. This could be done in a phased approach over several years to minimise the cost impact in a small period. Additional funds of approximately \$5,202,000 (not including escalation costs) would be required to undertake the entire project based on the recent concept design and cost estimate. The benefit of doing the entire project would be to maximise income and participation growth options, as well as upgrade old areas of the facility and accommodate staff.

If Option two or three is supported the next step would be to undertake detailed designs and develop tender documentation.

Legislation / Strategic Community Plan / policy implications

Legislation Not applicable.

Strategic Community Plan

Key theme Community Wellbeing.

Objective Quality facilities.

Strategic initiative

- Support a long-term approach to significant facility upgrades and improvements.
- Understand the demographic context of local communities to support effective facility planning.
- Employ facility design principles that will provide for longevity, diversity, inclusiveness and where appropriate support the decentralising of City Services.

Key theme Financial Sustainability.

Objective To conduct business in a financially sustainable manner.

Strategic initiative Manage liabilities and assets through a planned, long-term approach.

Policy *Requests for New or Capital Upgrades to Existing Buildings Policy.*

It is noted that the operation of the City's leisure centres is referred to in the City's Strategic Position Statements:

"Leisure centre operations overall should aim to be self-sufficient and meet all operating costs."

It is suggested that the proposed refurbishment works will assist the City to continue to achieve this.

Risk management considerations

All capital projects bring risks in relation to contingencies and over runs against original design. The capital cost estimates are based on high level concept plans and may differ once further detailed designs are undertaken for the projects.

There is a risk that the anticipated increase in operating income does not fully materialise due to any number of factors (economic, social, trends) and therefore the project payback period may be longer.

Financial / budget implications

The following amounts are currently listed within the City's *Five Year Capital Works Program* in relation to the Craigie Leisure Centre refurbishment project (MPP2050):

- \$250,000 (municipal funds) in 2017-18 for detailed design of the refurbishment project.
- \$1,132,000 (municipal funds) in 2018-19 for construction of the refurbishment project.
- \$1,000,000 (municipal funds) in 2019-20 for construction of the refurbishment project.

Based on the concept designs and cost estimate, if the City was to proceed with the proposed refurbishment works it would need to consider additional budget allocations.

At its meeting held on 15 August 2017 (CJ142-08/17 refers), Council noted a budget saving of \$553,000 (reserve funds) for the refurbishment of the Duncraig Leisure Centre. It is suggested that this budget saving be allocated to the Craigie Refurbishment project.

Current financial year impact

Not applicable.

Future financial year impact - all proposed works

Annual operating cost	The additional infrastructure would require additional staff costs and additional maintenance / utility costs to operate. If all elements of the project were implemented there would be new operational costs of approximately \$400,000 per year.
Estimated annual income	The additional infrastructure is estimated to provide additional income of approximately \$1.1 million per year, therefore providing an operating surplus of \$700,000 per year.
Capital replacement	Based on the City's <i>Building Asset Management Plan</i> it is estimated that 3% of the capital costs would require replacement after 16 years, at a cost of approximately \$227,520.
20 Year Strategic Financial Plan impact	The <i>20 Year Strategic Financial Plan</i> has capital costs of \$2,382,000 included at this stage, with no estimates included for operational benefits or capital replacement. If the project proceeds with all of the proposed works at a total capital cost of \$7,584,000, and an operational surplus of \$700,000 per year, the impacts are as follows:

- **Funding:** The model has assessed the optimum method of funding the \$7,584,000, dependent on the proposed phasing, availability of reserves and the requirements of other projects. The model has indicated that the project may be wholly funded from the Strategic Asset Management Reserve, but would result in \$4 million of additional borrowings for other projects, due to the timing of other projects / availability of reserves.
- **Debt Ratios:** The City is already planning to borrow significantly over the next few years, which is putting the debt ratios close to the acceptable threshold. The additional \$4 million borrowings required if all the proposed works are undertaken would not breach the thresholds.
- **Cash Impact:** By 2035-36 the City's *20 Year Strategic Financial Plan* would have an overall cash benefit of \$11 million compared to the adopted plan. Despite the increased capital expenditure and borrowings, the operational savings would eventually result in an overall benefit. While the project in its entirety would appear to provide an overall benefit to the City's *20 Year Strategic Financial Plan*, the operational estimates are high level only at this stage.

Future financial year impact - phase one only (gymnasium extension, new group fitness and indoor cycling areas)

Annual operating cost	The additional infrastructure would require additional staff costs and additional maintenance / utility costs to operate. If phase one of the project was implemented there would be new operational costs of approximately \$284,000 per year.
Estimated annual income	The additional infrastructure is estimated to provide additional income of approximately \$683,000 per year, therefore providing an operating surplus of \$399,000 per year which would provide a payback within eight years to the capital investment.
Capital replacement	Based on the City's <i>Building Asset Management Plan</i> it is estimated that 3% of the capital costs would require replacement after 16 years, at a cost of approximately \$82,000.
20 Year Strategic Financial Plan impact	The <i>20 Year Strategic Financial Plan</i> has capital costs of \$2,382,000 included at this stage, with no estimates included for operational benefits or capital replacement. If the project proceeds with phase one of the proposed works at a capital cost of \$2,726,000 and an operational surplus of \$399,000 per year, it would provide a total benefit (including escalation) to the <i>20 Year Strategic Financial Plan</i> , up to 2035-36, of \$12.9 million.

All amounts quoted in this report are exclusive of GST.

Regional significance

Not applicable.

Sustainability implicationsEnvironmental

All facility refurbishment projects are planned to reduce the impact of the carbon footprint and consider environmental sustainability design features where possible within the project budget.

Social

The project has included consultation with the existing customers, members and user groups of Craigie Leisure Centre to ensure that the proposed work addresses their needs. Furthermore, refurbishment works consider access and inclusion principles with the aim to enhance the amenity of the public space.

Economic

Not applicable.

Consultation

Consultation for the project was conducted in accordance with the City's approved *Community Consultation and Engagement Policy and Protocol*.

The City undertook consultation with customers, members and user groups of Craigie Leisure Centre from 13 July to 10 August 2015 and received a total of 159 valid responses. Approximately 87% of respondents were members of the centre.

Respondents were asked to specify their level of satisfaction with various components within different areas of the centre that are proposed to be refurbished. The following table is a summary of the results.

Components	Very satisfied/ satisfied	Okay	Dissatisfied/ very dissatisfied	Not applicable
Gym (including entry, opening hours, size, layout, floor coverings, temperature control, toilets, storage for valuables, entertainment, location of change rooms).	42.45%	29.12%	11.76%	16.67%
Crèche (including entry, size, layout, availability of spaces).	8.65%	4.25%	0.31%	86.79%
Group fitness (studio room) (including entry, size, layout, floor coverings, temperature control, toilets).	32.29%	22.43%	6.92%	38.36%
Group fitness (meeting room) (including entry, size, layout, floor coverings, temperature control, toilets).	18.13%	13.73%	2.20%	65.93%
Indoor cycle room (including size, floor coverings, temperature control).	10.27%	7.55%	5.03%	77.15%

Components	Very satisfied/satisfied	Okay	Dissatisfied/very dissatisfied	Not applicable
Café (including eating area, comfort, temperature control, atmosphere)	35.69%	29.09%	8.96%	26.26%
Main reception area (including layout, retail area, atmosphere, access gates, transaction processing time).	52.70%	33.58%	2.89%	10.82%

Of note, the results showed that 26.42% of respondents were dissatisfied / very dissatisfied with the toilets in the gym and 23.27% of respondents were dissatisfied / very dissatisfied with the location of the change rooms in the gym. The results also showed that 16.96% of respondents were dissatisfied / very dissatisfied with the toilets in the group fitness (studio room) and that 11.32% of respondents were dissatisfied / very dissatisfied with the size of the indoor cycle room.

Respondents were also asked to indicate their level of support for a new dedicated indoor / outdoor fitness training area and new complementary health commercial services. The following is a summary of the results:

- Indoor / outdoor fitness training area – 73.58% strongly support / support; 25.16% unsure; 1.26% oppose / strongly oppose.
- Complementary health commercial services: 64.15% strongly support / support; 27.04% unsure; 8.81% oppose / strongly oppose.

Under the City's adopted masterplan process, refurbishment projects may undertake a second round of consultation to seek comment on the proposed concept plans (if required). At this stage, it is not proposed to undertake a second round of consultation. Customers, members and user groups will be notified if the project is approved to proceed to construction.

COMMENT

The City, through its management of Craigie Leisure Centre, is recognised as an industry leader in the provision of community leisure and aquatic facilities and services. The operating surplus that the Centre achieves each year is well above the industry average. However, the facility has faced some challenges in recent times due to the competitive health and fitness market with the onset of 24 hour gyms and other small operators. To remain competitive and continue to drive financial performance it is recommended that the City consider refurbishment options that maximise opportunities for income growth. The needs and feasibility study and developed concept plans support this.

The size of the existing gymnasium (460m²) was considered above average when it was constructed in 2005, however the facility now operates at capacity with a membership cap of 3,700. For the City to continue to drive revenue growth in the health and fitness area (which provides the highest margin for surplus generation within the whole centre), an expansion of the health and fitness facilities is required.

It is recommended that refurbishment and extension of the gymnasium, group fitness and indoor cycling areas (phase one) is undertaken at an estimate of \$2,726,000. This would require the City to allocate an additional \$344,000 to the project however would provide opportunities for greater participation and income growth. The estimated additional annual income for the group fitness and cycle rooms is \$144,000, with an estimated payback year of 2022-23 and the estimated additional annual income for the gym extension is \$541,000, with an estimated payback year of 2025-26.

If the refurbishment and extension of the gymnasium, group fitness and indoor cycling areas is progressed as recommended, the remaining proposed redevelopment phases will be considered as part of the next annual *20 Year Strategic Financial Plan* review in 2018.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Fishwick, SECONDED Cr Hamilton-Prime that Council:

- 1 **NOTES** the following amounts are currently listed within the City's *Five Year Capital Works Program* for the Craigie Leisure Centre refurbishment project:
 - 1.1 **\$250,000** (municipal funds) in 2017-18 for detailed design of the refurbishment project;
 - 1.2 **\$1,132,000** (municipal funds) in 2018-19 for construction of the refurbishment project;
 - 1.3 **\$1,000,000** (municipal funds) in 2019-20 for construction of the refurbishment project;
- 2 **APPROVES** phase one of the proposed refurbishment project including gymnasium extension, new group fitness and indoor cycling areas at Craigie Leisure Centre as detailed in this Report at a project cost estimate of \$2,726,000 to proceed to the detailed design and tender stage;
- 3 **NOTES** the budget saving of \$553,000 (reserve funds), for the refurbishment of Duncraig Leisure Centre in 2018-19 of the City's *Five Year Capital Works Program* as identified in Part 5 of Report CJ142-08/17;
- 4 As noted in Part 3 above, **LISTS FOR CONSIDERATION** applying the budget saving of \$553,000 (reserve funds), to the refurbishment of Craigie Leisure Centre in 2018-19 of the City's *Five Year Capital Works Program*;
- 5 Subject to approval of Part 2 above, **NOTES** that the remaining proposed redevelopment phases will be considered as part of the next annual *20 Year Strategic Financial Plan* review in 2018.

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Mayor Jacob, Crs Chester, Fishwick, Hamilton-Prime, Hollywood, Poliwka and Taylor.

Appendix 2 refers

To access this attachment on electronic document, click here: [Attach2aqnMPF180312.pdf](#)

ITEM 3 STATUS REPORT ON CITY FREEHOLD PROPERTIES PROPOSED FOR DISPOSAL AND A PROPOSED CROWN LAND ACQUISITION

WARD	All
RESPONSIBLE DIRECTOR	Mr Garry Hunt Office of the CEO
FILE NUMBER	63627, 101515
ATTACHMENTS	Attachment 1 Lot 2 (20) Kanangra Crescent, Greenwood Attachment 2 Lot 803 (15) Burlos Court, Joondalup Attachment 3 Lot 1001 (14) Camberwarra Drive, Craigie Attachment 4 Lot 12223 (12) Blackwattle Parade, Padbury
AUTHORITY / DISCRETION	Information - includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting').

PURPOSE

For the Major Projects and Finance Committee to note the progress towards the disposal of a number of City owned freehold properties and the proposed acquisition of a Crown land community purpose reserve.

EXECUTIVE SUMMARY

The City's freehold land disposal project initially included 14 sites with two sites being withdrawn from consideration. Ten sites have now been sold with Table 1 below indicating the sales proceeds achieved to-date. Sites remaining to be sold are Lot 2 (20) Kanangra Crescent, Greenwood (Attachment 1 refers) and Lot 803 (15) Burlos Court, Joondalup (Attachment 2 refers).

At the former Finance Committee meeting held on 7 August 2017, it was noted that the Chief Executive Officer proposed to commence actions to take Lot 1001 (14) Camberwarra Drive, Craigie (Attachment 3 refers) and Lot 803 (15) Burlos Court, Joondalup to auction.

In the interim, the City was approached by Patricia Giles Centre Incorporated (PGC) which is a not-for-profit organisation adjacent to Lot 803 (15) Burlos Court, Joondalup requesting that the City defer the sale of Lot 803 to allow the time for the PGC to present the City with a business case for the site's purchase. The Finance Committee noted this deferment at its meeting held on 2 October 2017 and further noted that actions had commenced to take Lot 1001 (14) Camberwarra Drive, Craigie to auction. Lot 1001 sold at auction on 29 November 2017 above its reserve – Table 1 refers.

During January 2018, the PGC has provided an update to the City concerning its proposed business case stating that after acquiring valuation advice, undertaking a high-level feasibility study and investigating various development options and partnerships with other organisations, it was unable to present a business case for the site's purchase. The PGC further stated that if there was any opportunity to continue to pursue this interest with Council's support, it would be greatly appreciated.

As the PGC has advised that it does not have the funds for the purchase of Lot 803 (15) Burlos Court, and as it seems unlikely that PGC are able to form a partnership with any other organisation, it is proposed that Lot 803 is now in a position to be sold and can be considered for auction with Lot 2 (20) Kanangra Crescent, Greenwood.

Concerning Lot 12223 (12) Blackwattle Parade, Padbury (Attachment 4 refers) the Department of Planning, Lands and Heritage (DPLH; formerly the Department of Planning and the Department of Lands) was contacted regarding the contract of sale for the site's acquisition. It advised that prior to providing a contract to the City, the matter of the access easement that is necessary on Lot 12223 first needs to be registered.

Table 2 of this Report provides a summarised account of the progress towards the disposal of the remaining freehold sites and the acquisition of Lot 12223 (12) Blackwattle Parade, Padbury.

It is therefore recommended that the Major Projects and Finance Committee:

- 1 *NOTES that preparations have commenced to take Lot 803 (15) Burlos Court, Joondalup and Lot 2 (20) Kanangra Crescent, Greenwood to auction;*
- 2 *NOTES the sale of Lot 1001 (14) Camberwarra Drive, Craigie on 29 November 2017 for an amount of \$990,000 exclusive of GST under the margin scheme;*
- 3 *NOTES a further status report on the progress of the City's proposed disposal of freehold land and proposed acquisition of a Crown land site will be submitted to the Major Projects and Finance Committee meeting to be held on 4 May 2018.*

BACKGROUND

The City's freehold land disposal project initially included 14 sites. Lot 181 (4) Rowan Place, Mullaloo (CJ096-05/12 refers) and Lot 971 (52) Creaney Drive, Kingsley (CJ103-06/14 refers) were withdrawn from sale. The total value of the two being in the vicinity of \$4.5 million.

Table 1 indicates the 10 sites that have sold to-date.

Except for the site that was sold to Masonic Care WA in Kingsley, Council approved the sale of these properties for the development of 'Aged and Dependent Persons' Dwellings' – or unit developments for people over 55 years of age.

Table 1 (GST exclusive)

Property	Date Sold	Sale Price
Lot 200 (18) Quilter Drive, Duncraig.	March 2013	\$1,350,000
Lot 766 (167) Dampier Avenue, Kallaroo.	March 2013	\$1,055,000
Lot 147 (25) Millport Drive, Warwick.	March 2013	\$1,340,000
Lot 613 (11) Pacific Way, Beldon.	March 2013	\$ 700,000
Lot 671 (178) Camberwarra Drive, Craigie.	March 2013	\$ 828,000
Part Lot 702 (11) Moolanda Boulevard, Kingsley.	August 2015	\$1,050,000
Lot 745 (103) Caridean Street, Heathridge.	December 2015	\$ 874,000
Lot 23 (77) Gibson Avenue, Padbury	December 2016	\$1,800,000
Lot 900 (57) Marri Road, Duncraig	July 2017	\$1,030,000
Lot 1001 (14) Camberwarra Drive, Craigie	December 2017	\$ 990,000
	TOTAL	\$11,017,000

At its meeting held on 13 December 2016 (CJ234-12/16 refers) Council resolved in part that it:

- “1 *NOTES the status report on the progress of the City’s proposed disposal of five freehold land sites;*
- 2 *NOTES that Council authorised the Chief Executive Officer to dispose of Lot 803 (15) Burlos Court, Joondalup by public auction or private treaty, at its meeting held on 18 October 2016 (CJ167-10/16 refers);*
- 4 *AUTHORISES the Chief Executive Officer to dispose of the following sites by public auction:*
- 4.1 *Lot 2 (20) Kanangra Crescent, Greenwood;*
- 4.2 *Lot 900 (57) Marri Road, Duncraig;*
- 4.3 *Lot 1001 (14) Camberwarra Drive, Craigie;*
- 5 *NOTES that a further status report on the progress of the City’s proposed disposal of freehold land and proposed acquisition of a Crown land site will be submitted to a Finance Committee meeting in 2017, at a date to be determined.”*

DETAILS

Table 2

	Property Address	Land Disposals – Current Status
1	Lot 2 (20) Kanangra Crescent, Greenwood. Land Area: 3,005m ² . Attachment 1 refers.	This site is ready for disposal, is zoned Residential with a restricted use to ‘Aged or Dependent Persons’ Dwellings’ and it has a density code of R40. At its meeting held on 13 December 2016, Council authorised the CEO to dispose of this property by public auction (CJ234-12/16 refers). Preparations have commenced to take this property to auction in mid-April 2018, in addition to Lot 803 (15) Burlos Court, Joondalup.

	Property Address	Land Disposals – Current Status
2	<p>Lot 803 (15) Burlos Court, Joondalup.</p> <p>Land Area: 4,410m².</p> <p>Attachment 2 refers.</p>	<p>This site is zoned Residential with a restricted use to 'Aged or Dependent Persons' Dwellings' and it has a density code of R60.</p> <p>Council declined all tenders received for the sale of Lot 803 (15) Burlos Court, Joondalup at its meeting held on 18 October 2016 (CJ167-10/16 refers) and authorised the CEO to dispose of the property by public auction, or private treaty. Taking the site to auction was planned to be during November 2017, however, the former Finance Committee noted the deferment of the auction for this site at its meeting held on 2 October 2017 allowing the adjacent not-for-profit PGC the time to prepare a business case to acquire the site.</p> <p>Advice received from the PGC on 25 January 2018, was that it was unable to provide a business base in support of its purchase of the site. The PGC advised that after undertaking investigations, it has experienced difficulties in proving to potential partners and developers the likely return on investment. Taking advantage of the R60 density code to create multiple dwellings appeared to be cost-prohibitive due to the overall cost of development. The Department of Housing had indicated that it may assist with the development of the Lot 803 if it was acquired, but it could not assist with the purchase of the site.</p> <p>The PGC advised that it had identified a housing crisis for women over age 55 who become homeless, often as a consequence of family and domestic violence and it is a growing trend of this demographic in the Joondalup area.</p> <p>The PGC concluded if there was any opportunity for the PGC to continue to pursue this interest with Council's support, it would be greatly appreciated</p> <p>In the absence of a business case or offer for Lot 803 (15) Burlos Court, Joondalup from the PGC, the site is now available for sale.</p>
3	<p>Lot 1001 (14) Camberwarra Drive, Craigie.</p> <p>Land Area: 2,055m²</p> <p>Attachment 3 refers</p>	<p>This property sold for \$990,000 exclusive of GST under the margin scheme on 29 November 2017 and settled on 29 January 2018.</p>

		Acquisition – Current Status
1	<p>Lot 12223 (12) Blackwattle Parade, Padbury</p> <p>Land Area: 3,332m²</p> <p>Attachment 4 refers</p>	<p>At its meeting held on 24 June 2014 (CJ104-06/14 refers), Council accepted in-principle the DPLH's concessional purchase price of \$88,000 (exclusive of GST) subject to the outcome of a 30-day public advertising period. The DPLH advised the City during May 2016 that the Minister for Planning, Lands and Heritage (former Minister for Lands) had approved this acquisition.</p> <p>During this acquisition process, on the advice of DPLH – Lands, conditional support was sought and provided by DPLH – Planning. One of the conditions being that the future sale proceeds from this site are spent on community projects in line with the definition of "Community Purposes" under DPS2.</p> <p>The City's community consultation regarding this matter not only dealt with the proposed acquisition of the site, but the consideration of three capital improvement projects for the area. One of these options was Council's preferred project of the installation of traffic lights at the intersection of Walter Padbury Boulevard and Hepburn Avenue, Padbury.</p> <p>Advice from DPLH is that projects connected with parking, traffic and pedestrian issues were not considered to fall within the definition of "Community Purposes" under DPS2.</p> <p>On acquisition of the site, and in accordance with Council's resolution at its meeting held on 24 June 2014 (CJ104-06/14 refers), the City will seek clarification from the Minister for Planning, Lands and Heritage regarding the conditions provided to the City on how the disposal proceeds should be utilised.</p> <p>At its meeting held on 19 May 2015 (CJ082-05/15 refers), Council requested that an advocacy plan be developed. The purpose of the plan was to gain support from the relevant State Government departments to enable the future sale proceeds for this site be utilised on the community's and Council's preferred project which is to install traffic lights at the intersection of Walter Padbury Boulevard and Hepburn Avenue, Padbury. This advocacy plan has been developed and will be implemented subsequent to the transfer of the site to the City.</p> <p>Ministerial approval was provided to Amendment No. 87 on 21 December 2017 to rezone Lot 12223 from 'Civic and Cultural' to 'Commercial.' The gazettal date being 12 January 2018.</p> <p>Concerning the contract of sale, the DPLH advised on 5 February 2018 that it had been redrafted, condition free pending the registration of the required access easement on Lot 12223. Once the easement is registered, the DPLH will then proceed with the contract for execution.</p>

Acquisition – Current Status	
	<p>The City is endeavouring to progress all matters related to the easement with the owners of the adjacent shopping centre. One of the strata owners has advised that he will respond to the DPLH on the easement conditions once agreement has been received from all strata owners. The City provided its comments to the DPLH on the easement document which were responded to though two outstanding queries require the DPLH's clarification.</p> <p>Remedial works that are required on the easement land (Attachment 4 refers) by the strata owners' chosen contractor require completion and once commenced, will be monitored and approved by City officers.</p>

Issues and options considered

As detailed in Table 2.

Multiple Dwellings

It is noted that currently where land is coded R40 or higher, there is the potential for multiple dwellings to be developed in accordance with the provisions of the Residential Design Codes (R-Codes). A multiple dwelling is basically defined as one dwelling vertically placed above another dwelling. It is not possible to determine the potential number of multiple dwellings that could be achieved on sites coded R40 or higher. The number of multiple dwellings possible is not directly controlled, rather the total amount of floor space is limited through plot ratio requirements based on the overall size of the lot/s.

Legislation/Strategic Community Plan/Policy Implications

Legislation	Sections 3.58 and 3.59 of the <i>Local Government Act 1995</i> , together with the <i>Local Government (Functions and General) Regulations 1996</i> determine how a local government may dispose of property.
Strategic Community Plan	
Key theme	Quality Urban Environment.
Objective	Quality built outcomes.
Strategic initiative	Buildings and landscaping is suitable for the immediate environment and reflect community values.
Key theme	Financial Sustainability.
Objective	Financial diversity.
Strategic initiative	Identify opportunities for new income streams that are financially sound and equitable.
Policy	<i>Asset Management Policy.</i> <i>Sustainability Policy.</i>

Risk management considerations

Disposal of property needs to comply with the requirements of sections 3.58 and 3.59 of the *Local Government Act 1995*, which are designed to ensure openness and accountability in the disposal process.

It is possible that the reserve price as per the market valuations obtained may not be realised and the City needs to determine reserve prices below which it will not sell.

The recommendations for disposal are based on a combination of the best financial return, planning outcomes and community benefit.

Financial / budget implications

Council has agreed that the proceeds from the sale of freehold land are to be transferred to the Joondalup Performing Arts and Cultural Facility Reserve Fund. The Reserve Fund currently holds an amount of \$19,702,939.

Proceeds achieved from the future sale of Lot 12223 (12) Blackwattle Parade, Padbury are required to be spent on capital/community projects in line with the definition of "Community Purposes" under DPS2.

The associated main expenditure costs related to the City's disposal of freehold land are legal and settlement fees, advertising costs, valuation costs, land surveying and costs related to subdivision/amalgamations.

Regional significance

Not applicable.

Sustainability implications

The disposal of City freehold land that has been set aside for community use should not be disposed of without there being a nominated purpose addressing a community need.

Concerning the freehold land disposal project to date, Council has supported the restricted use of aged or dependent persons' dwellings providing alternative housing choices for the City's ageing population. The sale proceeds from the eventual disposal of Lot 12223 (12) Blackwattle Parade, Padbury will be used for community projects.

Consultation

Public auction, public tender and private treaty methods have been used regarding the City's land disposal project. Advertising is a requirement with all three methods unless, in respect of private treaty, the disposal is exempt under Regulation 30 of the *Local Government (Functions and General) Regulations 1996*.

The statutory public advertising period of 42 days for amendments to DPS2 provides an opportunity for the community to make a submission on the future intent for the site on disposal.

The method of community consultation followed during the proposed acquisition of Lot 12223 (12) Blackwattle Parade, Padbury, was conducted in accordance with the City's approved *Community Consultation and Engagement Policy* and *Community Engagement Protocol*.

COMMENT

Lot 2 (20) Kanangra Crescent, Greenwood and Lot 803 (15) Burlos Court, Joondalup are now available for sale and investigations into the marketing and auction of the sites have commenced.

The PGC advised in January 2018 that although the location of Lot 803 being adjacent to the site the PGC leased from the Department of Housing would assist with the identified housing crisis for women over age 55 - it was unable to either fund, or obtain partnerships for the site's purchase.

Concerning the City's acquisition of Lot 12223 (12) Blackwattle Parade, the DPLH has advised that before the redrafted contract of sale can be provided to the City, registration of the access easement in favour of the adjoining strata owners is required. Although this process is coordinated by the DPLH, the City is making every effort with the adjoining owners to progress this and the remedial works required on the easement land.

VOTING REQUIREMENTS

Simple Majority.

The Manager Leisure and Cultural Services left the room at 7.03pm.

OFFICER'S RECOMMENDATION

That the Major Projects and Finance Committee NOTES:

- 1 that preparations have commenced to take Lot 803 (15) Burlos Court, Joondalup and Lot 2 (20) Kanangra Crescent, Greenwood to auction;
- 2 the sale of Lot 1001 (14) Camberwarra Drive, Craigie on 29 November 2017 for an amount of \$990,000 exclusive of GST under the margin scheme;
- 3 that a further status report on the progress of the City's proposed disposal of freehold land and proposed acquisition of a Crown land site will be submitted to the Major Projects and Finance Committee meeting to be held on 4 May 2018.

MOVED Mayor Jacob, SECONDED Cr Taylor that Council:

- 1 NOTES that preparations have commenced to take Lot 2 (20) Kanangra Crescent, Greenwood to auction;
- 2 NOTES the sale of Lot 1001 (14) Camberwarra Drive, Craigie on 29 November 2017 for an amount of \$990,000 exclusive of GST under the margin scheme;
- 3 NOTES that a further status report on the progress of the City's proposed disposal of freehold land and proposed acquisition of a Crown land site will be submitted to the Major Projects and Finance Committee meeting to be held on 4 May 2018;
- 4 DEFERS progressing the sale of Lot 803 (15) Burlos Court, Joondalup for two months to enable further discussion with the Department of Housing around potential partnerships with the Patricia Giles Centre Incorporated on this site.

The Motion was Put and

LOST (2/5)

In favour of the Motion: Mayor Jacob and Cr Taylor.

Against the Motion: Crs Chester, Fishwick, Hamilton-Prime, Hollywood and Poliwka.

MOVED Cr Poliwka, SECONDED Cr Hamilton-Prime that the Major Projects and Finance Committee **NOTES:**

- 1 that preparations have commenced to take Lot 803 (15) Burlos Court, Joondalup and Lot 2 (20) Kanangra Crescent, Greenwood to auction;
- 2 the sale of Lot 1001 (14) Camberwarra Drive, Craigie on 29 November 2017 for an amount of \$990,000 exclusive of GST under the margin scheme;
- 3 that a further status report on the progress of the City's proposed disposal of freehold land and proposed acquisition of a Crown land site will be submitted to the Major Projects and Finance Committee meeting to be held on 4 May 2018.

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Mayor Jacob, Crs Chester, Fishwick, Hamilton-Prime, Hollywood, Poliwka and Taylor.

Appendix 3 refers

To access this attachment on electronic document, click here: [Attach3agnMPF180312.pdf](#)

ITEM 4 IMPACT ON 20 YEAR STRATEGIC FINANCIAL PLAN OF REPORTS TO COUNCIL – OCTOBER 2017 TO DECEMBER 2017

WARD	All
RESPONSIBLE DIRECTOR	Mr Mike Tidy Corporate Services
FILE NUMBER	106869
ATTACHMENTS	Attachment 1 Impact on <i>20 Year Strategic Financial Plan</i> of Reports to Council – October 2017 to December 2017
AUTHORITY / DISCRETION	Information - includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting').

PURPOSE

For the Major Projects and Finance Committee to note the impacts to the *20 Year Strategic Financial Plan* (20 Year SFP) of reports approved by Council for the period October 2017 to December 2017.

EXECUTIVE SUMMARY

A new quarterly report was introduced in July 2014, as part of the Chief Executive Officer's (CEO) Key Performance Indicators. This report is the second quarterly report for 2017-18. The intention is to provide progressive updates between annual reviews of the 20 Year SFP by summarising the impacts on the 20 Year SFP of reports presented to Council.

This report covers Quarter 2 (October 2017 to December 2017). There are two reports not proceeding: Joondalup Eisteddfod (CJ203-12/17 refers) and Prince Regent Park Heathridge – Community Sporting Facility (CJ206-12/17 refers), that overall have a benefit of \$7.6 million.

The first quarterly report for 2017-18 covering July 2017 to September 2017 reported benefits of \$1.8 million and therefore the cumulative impacts for the year 2017-18, including the quarter 2 report, are \$9.4 million.

It is therefore recommended that the Major Projects and Finance Committee NOTES:

- 1 *two reports were considered by Council in the period October 2017 to December 2017 that had an estimated net benefit over the life of the 20 Year Strategic Financial Plan of \$7.6 million;*
- 2 *the estimated net cumulative benefit over the life of the 20 Year Strategic Financial Plan of decisions by Council July 2017 to December 2017 is \$9.4 million.*

BACKGROUND

A new quarterly report was introduced in July 2014, as part of the Chief Executive Officer's (CEO) Key Performance Indicators. This report is the first quarterly report for 2017-18. The intention is to provide progressive updates between annual reviews of the 20 Year SFP by summarising the impacts on the SFP of reports presented to Council.

The SFP is a long-term planning tool and evaluating impacts which are minor is of little relevance therefore a minimum threshold has been applied where an impact of less than \$50,000 is not reported. The threshold of \$50,000 results in many of the reports being outside the scope of this analysis, as they have a relatively small amount (for example planning fees) or have no financial impact at all. Consequently, most of the reports presented to Council have no impact on the 20 Year SFP.

DETAILS

Attachment 1 provides details of four reports between October 2017 and December 2017 that have an overall benefit of \$1.8 million as follows:

- Joondalup Eisteddfod (CJ203-12/17 refers) to not proceed, an overall benefit of \$1.5 million.
- Prince Regent Park, Heathridge – Community Sporting Facility (CJ206-12/17 refers) to not proceed, an overall benefit of \$6.1 million.

The table in Attachment 1 notes the impacts have been categorised as follows:

- \$7.6 million commitments made by Council.
- \$0.0 million other impacts including amounts that were informed by other bodies, or potential impacts for reports that have been noted, without a firm commitment having been made yet.
- The 20 Year SFP Impact is based on the following:
 - Total estimated cash flows up to 2035-36.
 - Includes inflation.
 - Includes all whole-of-life costs such as capital expenditure, operating expenses, operating income, reserves, borrowings, interest payments and earnings on cash held.

As a result of calculating the impacts up to 2035-36 for total cash, the impact for each report is higher than the initial impact.

Issues and options considered

The 20 Year SFP was last adopted by Council in June 2016 for the years 2015-16 to 2034-35, however most of the assumptions have been updated and the plan is mostly obsolete. The Draft 20 Year SFP 2016-17 to 2035-36 was presented to the former Finance Committee in August 2017, but was not endorsed at the time pending a review of the funding of major projects and a review of the operating deficit. Although the Draft 20 Year SFP 2016-17 was not endorsed it remains the most up-to-date plan for reference purposes as it includes the most up-to-date economic assumptions and includes the adopted 2017-18 budget and adopted *Five-Year Capital Works Program 2017-18 To 2021-22*. For the purposes of assessing the impact on the 20 Year SFP of reports approved by Council it is therefore necessary to refer to the draft 20 Year SFP 2016-17 to 2035-36, rather than the Adopted SFP 2015-16 to 2034-35.

When the 20 Year SFP is next updated the decisions by Council as listed in Attachment 1 will be used to update the plan.

Legislation / Strategic Community Plan / policy implications

Legislation

Local Government Act 1995.

Section 5.56 of the *Local Government Act 1995* provides that:

“(1) A local government is to plan for the future of the district.”

Strategic Community Plan

Key theme

Financial Sustainability.

Objective

Effective management.

Strategic initiative

- Manage liabilities and assets through a planned, long-term approach.
- Balance service levels for assets against long-term funding capacity.

Policy

Not applicable.

Risk management considerations

The 20 Year SFP is based on many assumptions. There is a risk that those assumptions may not come to pass, however, it is a planning tool and the City is not committed to anything in the plan by virtue of endorsing it. Periodic review and continual update of the plan will ensure that it remains a relevant and useful document to manage the City’s financial affairs into the future.

Financial / budget implications

The impact to the City up to 2035-36 of the reports approved between October 2017 and December 2017 is estimated to be a benefit of \$7.6 million. This impact is the total change in cash at the end of 2035-36.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

This report provides a further enhancement to the long-term financial sustainability of the City by providing a progressive update on the impacts on the 20 Year SFP of Council decisions.

VOTING REQUIREMENTS

Simple Majority.

Cr Hamilton-Prime left the room at 7.21pm and returned at 7.23pm.

MOVED Cr Poliwka, SECONDED Cr Hamilton-Prime that the Major Projects and Finance Committee NOTES:

- 1 two reports were considered by Council in the period October 2017 to December 2017 that had an estimated net benefit over the life of the 20 Year Strategic Financial Plan of \$7.6 million;**
- 2 the estimated net cumulative benefit over the life of the 20 Year Strategic Financial Plan of decisions by Council July 2017 to December 2017 is \$9.4 million.**

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Mayor Jacob, Crs Chester, Fishwick, Hamilton-Prime, Hollywood, Poliwka and Taylor.

Appendix 4 refers

To access this attachment on electronic document, click here: [Attach4agnMPF180312.pdf](#)

Disclosure of interest affecting impartiality

Name/Position	Cr Philippa Taylor.
Item No./Subject	Item 5 - Ocean Reef Marina Project Status.
Nature of interest	Interest that may affect impartiality.
Extent of Interest	Cr Taylor is a social member of the Ocean Reef Sea Sports Club.

ITEM 5 OCEAN REEF MARINA PROJECT STATUS

WARD	North Central
RESPONSIBLE DIRECTOR	Mr Garry Hunt Office of the CEO
FILE NUMBER	04171, 101515
ATTACHMENTS	Attachment 1 Memorandum of Understanding – Ocean Reef Marina Attachment 2 Ocean Reef Marina Indicative Program Timeline (as at February 2018) Attachment 3 Government Steering Committee – Terms of Reference and membership list
AUTHORITY / DISCRETION	Information - includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting').

PURPOSE

For the Major Projects and Finance Committee to note the progress on the Ocean Reef Marina project.

EXECUTIVE SUMMARY

At its meeting held on 20 February 2018 (CJ031-02/18 refers) Council agreed to endorse the Memorandum of Understanding (MOU) between the City of Joondalup and LandCorp for the Ocean Reef Marina development and authorised the signing of the MOU by the Chief Executive Officer (Attachment 1 refers).

The MOU was subsequently signed by the Chief Executive Officer on 21 February 2018.

The MOU was prepared collaboratively between the City and LandCorp. It outlines the roles of both parties in implementing the project and includes the transfer of \$500,000 to the City for works already undertaken on the environmental and planning approvals process.

To progress the implementation of the Ocean Reef Marina project, the following activities and tasks were undertaken since the previous project status report was considered by the former Major Projects Committee at its meeting held on 11 September 2017:

- 1 Liaison and engagement with the State Government through LandCorp, including involvement on the State Government Ocean Reef Marina Steering Committee.
- 2 Continuation of the planning and environmental approval processes.
- 3 Procurement by LandCorp of the Ocean Reef Marina Project Team.
- 4 Development of an updated program to guide the implementation of the project.

Details of the above are provided in this Report.

The project is progressing in accordance with the amended Ocean Reef Marina Indicative Timeline as at February 2018 (Attachment 2 refers).

It is therefore recommended that the Major Projects and Finance Committee NOTES:

- 1 *The Ocean Reef Marina Project Status report;*
- 2 *The status of negotiations with LandCorp and the State Government on the City's ongoing involvement in the project and other management and operational matters.*

BACKGROUND

1 State Government / LandCorp

In September 2017, Premier Mark McGowan together with Hon Rita Saffioti (Minister for Planning; Lands; Transport) announced a funding commitment of \$120 million to fund the Ocean Reef Marina project.

The Premier identified that LandCorp, working with the City, would lead the development and it was anticipated that construction would commence in 2020.

The 2017-18 State Budget includes an amount of \$35 million (expended over four years)¹ to fund the detailed design, procurement and other planning requirements.

The City has commenced negotiations with the State Government and LandCorp in relation to the City's on-going role in the delivery of the project and the future management and operational options for the Ocean Reef Marina.

These negotiations include such matters as:

- regular project updates for the City's Elected Members
- the City's involvement in the LandCorp Project Team
- Ocean Reef Marina Business Plan
- the City's land contribution to the project
- acknowledgement and recognition of the City's financial contribution to the project thus far
- management of the community's expectations
- marina management post-construction
- management of the public spaces and car parking.

¹ 2017-18 Budget, Budget Statements, Budget Paper No. 2, Volume 2, Part 22, Western Australian Land Authority, pg 663 and 664.

At its meeting held on 11 September 2017 (Item 1 refers) the former Major Projects Committee noted that details of the outcome of negotiations with the State Government and LandCorp on the above matters would be provided to Council through the committee.

2 Planning and Environmental Approvals

Metropolitan Region Scheme Amendment 1270/41

The City lodged the Ocean Reef Marina MRS Amendment request with the Western Australian Planning Commission (WAPC) in April 2014 and the MRS Amendment 1270/41 was initiated by the WAPC in June 2014.

The MRS Amendment Report, prepared by the then Department of Planning, Lands and Heritage (DPLH, formerly the Department of Planning) was advertised for public comment from 22 November 2016 to 24 February 2017 (as approved by the Minister for Planning). A total of 94 submissions were received.

At its meeting held on 13 March 2017 (Item 3 refers) the former Major Projects Committee noted the intention of the Chief Executive Officer to respond to submissions received on MRS Amendment 1270/41.

Negotiated Planning Outcome for Bush Forever Site 325

To manage the potential impacts of the MRS Amendment on Bush Forever Site 325 the WAPC requires finalisation and agreement of a Negotiated Planning Outcome for Bush Forever Site 325 (NPO) prior to final approval of the MRS Amendment.

A draft NPO was prepared by the City in collaboration with the DPLH, Department of Biodiversity, Conservation and Attractions (DBCA) and the Department of Environmental Regulation – Environmental Protection Authority Services (EPA Services). These agencies provided in-principle support for the NPO and agreed that the document be available for the public to view concurrently with MRS Amendment 1270/41.

Responses to the comments received from the community (nine in total) were prepared by the City and approved by the agencies. The responses were provided to Elected Members and published on the City's website in July 2017.

The draft NPO, together with a legal agreement to ensure the implementation of the NPO, can now be finalised for approval by the relevant agencies. The inclusion of suggestions / comments made by the community during the public advertising will be considered during the finalisation of the NPO.

Public Environmental Review

Occurring in parallel with the MRS Amendment, the marine based components of the Ocean Reef Marina project are being assessed by the Environmental Protection Authority (EPA) under the *Environmental Protection Act 1986* via a Public Environmental Review (PER) – the highest level of assessment.

Following completion of the required investigations / studies and various amendments to the documents, the PER document and appendices were approved for release for public review in October 2016. The PER documents were advertised for public comment from 22 November 2016 to 24 February 2017, concurrently with MRS Amendment 1270/41.

At its meeting held on 13 March 2017 (Item 3 refers), the former Major Projects Committee noted the intention of the Chief Executive Officer to respond to the 59 submissions received.

Draft preliminary Ocean Reef Marina Structure Plan

It was considered desirable that the draft preliminary Ocean Reef Marina SP be released for the public to view and provide informal comments concurrently with the PER, MRS Amendment 1270/41 and the draft NPO.

A total of 21 comments were received and as requested by Council at its meeting held on 16 May 2017 (CJ079-05/17 refers) responses were prepared in consultation with consultants Taylor Burrell Barnett and Strategen. The responses were provided to Elected Members and published on the City's website in July 2017.

Following finalisation of the MRS Amendment process, the draft preliminary Ocean Reef Marina SP will be finalised by the LandCorp Ocean Reef Marina Project Team and formally submitted to Council for consideration.

DETAILS

1 State Government / LandCorp

Memorandum of Understanding

Following the announcement by Premier Mark McGowan that the State Government has commitment funding to implement the Ocean Reef Marina project through LandCorp, the Ocean Reef Marina MOU (Attachment 1) was developed. The MOU addresses such matters as follows:

- The establishment of a strong working relationship between the parties facilitating a joint commitment to finalise the statutory approvals, detailed design, construction and implementation of the project in a collaborative and timely manner (Clause 5.1).
- Roles of the parties (Clause 6).
- Implementation of the development including the transition of proponentcy from the City to LandCorp (Clause 7).

Many of the issues noted by the former Major Projects Committee (11 September 2017, Item 1 refers) to be negotiated with the State Government / LandCorp are identified in the MOU.

The City's financial contribution to the project thus far is acknowledged and the MOU determined that the \$500,000 allocated in the 2016-17 State Government will be provided to the City for work already undertaken on the environmental and planning approvals process (Clauses 3.2 and 6.2(g)).

The City agrees to engage with LandCorp and the Department of Transport to agree the terms of a Marina Precinct Management Agreement and engage with LandCorp to agree the ongoing management responsibility for landside assets (Clauses 6.1(d) and (e)).

Clause 6.1(g) provides that the City shall contribute the portion of its freehold land within the project area for an agreed market value consideration. The clause also notes that the methodology used to value the required land will be agreed by the parties.

The MOU also includes agreement by the City to consider making contributions to the cost of community infrastructure including but not limited to roads, landscaping and community parking (Clause 6.1(h)).

It is acknowledged in the MOU that other agreements, including a Development Agreement, may be required to deal with matters not covered in the MOU.

A draft Governance Structure for the project was included with the MOU (Attachment 2 to the MOU) and the City is represented at all levels of the structure. It is through this structure that the City will play an on-going and influential role in the implementation of the project. It is also through this structure that recommendations of Council and / or the Major Projects and Finance Committee can be communicated and considered.

Now that the MOU has been endorsed by Council (CJ031-02/18 refers) and signed by the City, negotiations on the above can progress. Outcomes and progress on the negotiations will be reported to Council through the Major Projects and Finance Committee through regular project status reports.

State Government Ocean Reef Marina Steering Committee

Initially established by LandCorp in November 2016, the Ocean Reef Marina Steering Committee is the highest level of the project governance structure. The City is represented on the Steering Committee by His Worship the Mayor and the Chief Executive Officer; the Member for Joondalup, Emily Hamilton is also a member. The Terms of Reference and a full membership list for Steering Committee are provided in Attachment 3.

The Steering Committee has met on three occasions, the latest being December 2017. Matters discussed included:

- project progress
- procurement of consultants
- MRS and PER updates
- aquaculture opportunity
- stakeholder engagement
- concept plan design review
- critical path program.

2 Environmental and Planning Approvals

For the purpose of the environmental and planning approvals, the City remains the proponent for the Ocean Reef Marina at this time. As provided in the MOU, proponenty will transfer to LandCorp at an appropriate stage of the approvals process to be determined through discussion between the City, LandCorp and the project team.

Metropolitan Region Scheme Amendment 1270/41

Responses to the 94 submissions received during the advertising period were finalised and submitted to DPLH for consideration. Of the 94 submitters 16 requested hearings to present their submissions to the WAPC (including the City). The City is awaiting confirmation from DPLH on the timing of the formal hearings.

Following the hearings, DPLH will prepare a report and recommendation on MRS Amendment 1270/41 for consideration by the WAPC. Ministerial approval will then be sought.

MRS Amendment 1270/41 requires a number of outcomes prior to its final approval and gazettal as follows:

- Identification of the waterways manager.
- Finalisation of NPO (including the required legal agreement).
- Approval of the Coastal Hazard Risk Management and Adaptation Plan.
- Approval of the Bushfire Management Plan.
- Decision on the PER.

With the exception of the PER, LandCorp is progressing the above with input from the City and project team.

Negotiated Planning Outcome for Bush Forever Site 325

As indicated above, LandCorp, the City and the project team are progressing the finalisation of the NPO and the required legal agreement.

Public Environmental Review

Responses to the 59 submissions received during the advertising period were finalised and formally submitted to EPA Services for consideration.

Preparation and finalisation of the responses required significant engagement with EPA Services, Department of Transport and Department of Fisheries to ensure the responses satisfactorily addressed the submissions.

Following a review of the responses by EPA Services, the proposal will be formally assessed and an assessment strategy, together with the City's responses to the submissions, will be presented to the EPA at its meeting to be held in May 2018 (as indicated in the project program prepared by LandCorp).

EPA Services will consult with the City and the relevant government agencies on the recommendations prior to the submission of the assessment report to the Minister for the Environment. A two week appeal period will follow before the final decision is made.

Draft preliminary *Ocean Reef Marina Structure Plan*

The development of the structure plan cannot be progressed until the outcome of the PER, MRS Amendment and concept plan design review is known as these process will impact the structure plan.

3 LandCorp Project Team

To progress the project, LandCorp has engaged the following consultants:

- Taylor Burrell Barnett, town planning (lead consultant).
- Strategen, environmental.
- M P Rogers & Associates, marine engineering.
- Wood & Grieve, civil engineering.
- UDLA, landscape architecture.
- Colliers International, financial and economic.
- McMullen Nolan Group, surveying.
- Benchmark Projects, design review.

The City is also represented on the team.

Concept Plan Design Review

Of critical importance to the project is a detailed review of the concept plan. The aim of the review is to identify the concept plan “non-negotiables”, consider the land use concept to identify better outcomes in line with the project vision and identify cost savings.

The review will take the form of a series of workshops attended by the project team, representatives from DPLH, Department of Transport and the Metropolitan Redevelopment Authority.

It is anticipated that the review will be completed by June 2018 and culminate in the endorsement of a revised concept plan by the Government Steering Committee.

4 Project Program

Working toward a construction start date of 2020, LandCorp has prepared a project program which was used to amend the Ocean Reef Marina Indicative Program Timeline noted by the former Major Projects Committee at previous meetings (Attachment 2 refers).

Issues and options considered

Not applicable.

Legislation / Strategic Community Plan / policy implications

Legislation

The City is governed by the requirements of the *Local Government Act 1995* in relation to dealings involving commercial undertakings and land development.

Other applicable legislation includes:

- *Planning and Development Act 2005.*
- *Environmental Protection Act 1986.*
- *Environmental Protection, Biodiversity and Conservation Act 1999 (Cwlth).*

The approvals for the development are influenced by State Planning and Development Control policies:

- 2.6 *State Coastal Planning Policy.*
- 2.8 *Bushland Policy for the Perth Metropolitan Region.*
- 3.7 *Planning in Bushfire Prone Areas.*
- 1.8 *Canal Estates and Artificial Water Developments.*

Strategic Community Plan

Key theme

Economic Prosperity, Vibrancy and Growth.

Objective

Destination City.

- Strategic initiative**
- Facilitate the establishment of major tourism infrastructure.
 - Encourage diverse accommodation options.

Policy Not applicable.

Risk management considerations

Early engagement with the State Government / LandCorp on the City’s on-going role and responsibilities as the project progresses was previously identified as a risk management consideration. The execution of the MOU ensures that the City’s interests in the project are acknowledged and protected. Further it allows the City to negotiate with the State Government on matters such as land tenure, on-going management responsibilities of a constructed marina and the City’s contribution to the construction of community infrastructure.

Financial / budget implications

Account no.	C1001
Budget Item	Ocean Reef Marina.
Budget amount	\$ 163,785
Amount spent to date	\$ 149,235
Balance	\$ 14,552

Total Project Expenditure (as at 28 February 2018)

2007-08	\$ 133,241
2008-09	\$ 968,284
2009-10	\$ 266,604
2010-11	\$ 325,046
2011-12	\$ 388,552
2012-13	\$ 376,393
2013-14	\$ 838,371
2014-15	\$1,314,917
2015-16	\$1,163,151
2016-17	\$ 575,906
2017-18*	\$ 149,235
LESS Grants Received	\$ (785,500)
LESS Grant to be received**	<u>\$ (500,000)</u>
Total City Expenditure	\$ 5,301,466

Annual operating cost Following the review of the current concept plan and development of the final concept plan, the City will be in a position to investigate the on-going financial impacts (both income and expenditure).

Estimated annual income

Capital replacement

20 Year Strategic Financial Plan impact

Impact year The results of these investigations will contribute to the City’s negotiations with LandCorp on the matters identified in this Report) enabling a more accurate determination on whole of life impacts.

All amounts quoted in this Report are exclusive of GST.

Regional significance

The Ocean Reef Marina development will become a significant tourist / visitor destination and a key focal point within the northern Perth corridor.

Sustainability implications

Progression of the Ocean Reef Marina planning process required a number of studies / reports addressing key issues pertaining to sustainability (such as social and economic impact and environmental sustainability). Various management plans were required to be prepared as part of the MRS amendment, NPO, PER and structure plan processes and it is highly likely that further management plans will be required as conditions of any environmental and planning approvals.

Environmental

Endorsed by Council in 2009 (JSC5-05/09 refers), the Ocean Reef Marina Philosophy and Parameters articulated the City's vision for the project and acknowledged the City's commitment to achieving a sustainable green development.

At its meeting held on 20 February 2018 (CJ031-02/18 refers) it was agreed that Council, among other things:

“3 REQUESTS the City to liaise with and request LandCorp to pursue development parameters which will deliver world class sustainable built form at the Ocean Reef Marina.”

Through the various levels of the project governance, the City will be able to influence the development parameters to ensure the Ocean Reef Marina delivers world class sustainable built form.

Consultation

LandCorp has identified stakeholder engagement and consultation is critical to the success of the project. A draft stakeholder engagement strategy has been prepared by LandCorp for consideration by the Government Steering Committee and the project team.

The strategy identifies the Mayor, Elected Members and the City as key stakeholders in the project and includes engagement with the Major Projects and Finance Committee.

It is proposed to hold one on one meetings / workshops with key groups to identify opportunities and challenges. Further, the community in general will be informed of major project milestones through media communication and other methods such as focus groups and forums.

COMMENT

Since the previous meeting of the former Major Projects Committee in September 2017, the following significant project milestones have been reached as follows:

- Commitment by State Government to the project.
- Execution of the MOU between the City and LandCorp.
- Finalisation and submission of the responses to the MRS Amendment and PER submissions.

The City continues to engage with, and support, LandCorp on all aspects of the project.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Taylor, SECONDED Cr Hollywood that the Major Projects and Finance Committee NOTES:

- 1 the Ocean Reef Marina Project Status report;**
- 2 the status of negotiations with LandCorp and the State Government on the City's ongoing involvement in the project and other management and operational matters.**

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Mayor Jacob, Crs Chester, Fishwick, Hamilton-Prime, Hollywood, Poliwka and Taylor.

Appendix 5 refers

To access this attachment on electronic document, click here: [Attach5agnMPF180312.pdf](#)

ITEM 6 UPDATE ON THE 2017-18 CAPITAL WORKS PROGRAM

WARD	All
RESPONSIBLE DIRECTOR	Mr Nico Claassen Infrastructure Services
FILE NUMBER	105564, 101515
ATTACHMENTS	Attachment 1 Capital Works Project Report 2017-18
AUTHORITY / DISCRETION	Information - includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting').

PURPOSE

For the Major Projects and Finance Committee to note the update on the *2017-18 Capital Works Program*.

EXECUTIVE SUMMARY

The Capital Works Project Report for the 2017-18 program as at 31 January 2018 is attached (Attachment 1 refers).

It is therefore recommended that the Major Projects and Finance Committee NOTES the report on the Capital Works Projects for 2017-18 as at 31 January 2018 forming Attachment 1 to this Report.

BACKGROUND

At its meeting held on 6 November 2017 (JSC03-11/17 refers), Council resolved, in part as follows:

“That Council:

- 2 *ESTABLISHES a new Major Projects and Finance Committee, with the role of the new committee being to:*
 - 2.1 *oversee the progress of the City’s annual capital works program and review of the City’s Five Year Capital Works Program;*
 - 2.2 *make recommendations to Council on modifications of capital works projects and major strategic capital projects;*

DETAILS

The Capital Works Project Report for the 2017-18 program as at 31 January 2018 is provided at Attachment 1 to this Report.

Issues and options considered

Not applicable.

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

Sections 5.17 and 6.8 of the *Local Government Act 1995*.

A committee cannot make decisions, on behalf of the Council, that require an absolute majority decision (section 5.17 of the *Local Government Act 1995*), in which case, and in accordance with Section 6.8 of the *Local Government Act 1995*, includes approving expenditure not included in the City's Annual Budget. The Finance Committee may only recommend to Council to approve or modify capital works projects.

Strategic Community Plan**Key theme**

Financial Sustainability.

Objective

Major project delivery.

Strategic initiative

Not applicable.

Policy

Not applicable.

Risk management considerations

Not applicable.

Financial / budget implications

Not applicable.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

The Capital Works Project Report for the 2017-18 program provides an update on the capital works activities undertaken as at 31 January 2018.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Fishwick, SECONDED Cr Hamilton-Prime that the Major Projects and Finance Committee NOTES the report on the Capital Works Projects for 2017-18 as at 31 January 2018 forming Attachment 1 to this Report.

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Mayor Jacob, Crs Chester, Fishwick, Hamilton-Prime, Hollywood, Poliwka and Taylor.

Cr Taylor and Senior Projects Officer left the room at 7.29pm.

Appendix 6 refers

To access this attachment on electronic document, click here: [Attach6agnMPF180312.pdf](#)

ITEM 7 CITY FREEHOLD PROPERTIES PROPOSED FOR DISPOSAL - CONSIDERATION FOLLOWING INTEREST FROM VARIOUS EXTERNAL PARTIES

WARD	North
RESPONSIBLE DIRECTOR	Mr Garry Hunt Office of the CEO
FILE NUMBER	103036, 101515
ATTACHMENTS	Attachment 1 Location Plan Attachment 2 Lot 6 (6) Lawley Court, Joondalup Attachment 3 Lot 505 (33) Collier Pass Joondalup
AUTHORITY / DISCRETION	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

PURPOSE

For Council to note the interest from external entities in City owned properties within the City Centre and to authorise the Chief Executive Officer to investigate the opportunities and options for the disposal of these properties.

EXECUTIVE SUMMARY

The City has been facilitating several enquiries with respect to property investors showing interest in the acquisition of City owned property within the Joondalup City Centre.

Recent enquiries focussed on two properties situated within the Lakeside Shopping Centre precinct, namely Lot 6 (6) Lawley Court, Joondalup (Lot 6) and Lot 505 (33) Collier Pass, Joondalup (Lot 505) (Attachment 1 refers).

Sections 3.58 and 3.59 of the *Local Government Act 1995*, together with the *Local Government (Functions and General) Regulations 1996* determine how a local government may dispose of property.

Consideration of offers received will focus on financial benefit, contribution of the proposed development towards meeting the City's vision and objectives for the Joondalup City Centre and a due diligence done on the tenderer's track record and financial strength.

The facilitation of potential disposal of the above lots is separate from the City's freehold land disposal process and negotiations with respect to land being made available within the Joondalup City Centre Development – Boas Place precinct.

It is therefore recommended that Council:

- 1 *NOTES the interest shown by external entities for the acquisition of Lot 6 (6) Lawley Court and Lot 505 (33) Collier Pass, Joondalup;*
- 2 *AUTHORISES the Chief Executive Officer to investigate opportunities and options for the potential disposal of:*
 - 2.1 *Lot 6 (6) Lawley Court, Joondalup;*
 - 2.2 *Lot 505 (33) Collier Pass, Joondalup;*
- 3 *NOTES that a report on the opportunities and options, including proposed disposal methodology, will be submitted to a future Major Projects and Finance Committee meeting.*

BACKGROUND

Over several years, the City has responded to ad hoc enquiries with respect to the availability of City owned land available for sale. Responses to these enquiries identified the lots owned freehold by the City, provided information on the respective properties, explained the statutory process governing the disposal of local government owned land and provided comment on the broad vision for the Joondalup City Centre as guided by the *Joondalup Activity Centre Plan* endorsed by Council in June 2017 and other relevant policy or planning documents.

Due to a challenging property market and reasons unknown, many enquiries were not progressed by the interested parties.

In recent months an increase in enquiries has been experienced, showing greater intent by enquiring parties and focussing on Lot 6 (6) Lawley Court and Lot 505 (33) Collier Pass, Joondalup.

DETAILS

Lots 6 and 505 are strategically significant from a location, market value and development potential point of view. Table 1 provides information on both lots.

Table 1

	Property Address	Property details
1	Lot 6 (6) Lawley Court, Joondalup (Attachment 2 refers.)	Land area - 7,510m ² Zoning - Centre Height – No maximum Current use – paid public car park (245 bays) Potential for high density residential and multi storey commercial, retail and mixed uses.
2	Lot 505 (33) Collier Pass, Joondalup. (Attachment 3 refers.)	Land Area: 4,410m ² Zoning - Centre Height – No maximum Current use – paid public car park (89 bays) Potential for high density residential and multi storey commercial, retail and mixed uses.

Statutory regulations allow for the disposition of City owned property through public auction, public tender and private treaty, methods that have been used previously regarding the City's land disposal project.

The process considered most appropriate for the disposal of the abovementioned properties is that of public tender. The public tender process allows for interested parties to offer to purchase the property and to include a proposal committing to the intended development envisaged by the prospective owner, accommodated by a timeline to commence with the development.

This process for disposal is separate from the City's freehold land disposal project, the subject of a separate status report at this meeting with the objective of providing aged persons dwellings and proceeds to contribute to the Joondalup Performing Arts and Cultural Facility Reserve.

Although the two properties under discussion are located outside the Joondalup City Centre Development – Boas Place precinct, consideration will be given to the impact of the proposals as part of the assessment of the tenders and how they will impact on the vision for the Boas Place Precinct.

Issues and options considered

The increase in the frequency and intent of enquiries from property investors and developers shows a positive sentiment with respect to the property market in the Joondalup CBD. This improvement has been confirmed by commercial real estate expert opinion as well as recent property valuations.

The public tender process is considered the most appropriate disposal method to follow with respect to the lots under discussion as it responds to interest confirmed by the enquiring parties, it provides the opportunity to solicit the interest of other potential tenderers and it will provide confirmation of improvement of market sentiment.

For a reserve price to be determined, as well as being a statutory requirement of the public tender process, a current property valuation needs to be obtained. The reserve price is required to determine whether the offer made by the tenderers are market related and guide the decision to accept an offer.

Legislation/Strategic Community Plan/Policy Implications

Legislation

- Sections 3.58 and 3.59 of the *Local Government Act 1995*, together with the *Local Government (Functions and General) Regulations 1996* determine how a local government may dispose of property.
- Development applications will be subject to the provisions of the *District Planning Scheme No.2* and guided by the draft *Joondalup Activity Centre Plan*.

Strategic Community Plan

Key theme	Quality Urban Environment.
Objective	City Centre Development.
Strategic initiative	Pursue commercial, retail and residential development to contribute to a higher vibrancy and expand the Joondalup CBD capacity as a regional hub.
Key theme	Financial Sustainability.
Objective	Financial diversity.
Strategic initiative	Identify opportunities for new income streams that are financially sound and equitable. Apart from an increase in rates generated from the developments to follow, there will also be an immediate financial proceed from the transactions.
Policy	<i>Asset Management Policy.</i> <i>Sustainability Policy.</i>

At its meeting held on 19 April 2016 (CJ055-04/16 refers), Council adopted the following Strategic Position Statement:

“CBD Land

Development of high rise commercial office space and other City Centre uses, including high density residential development within the City Centre on City-owned land, is supported under the following conditions:

- *High quality, environmentally sustainable, landmark development that will strengthen the local economic and employment base for the City.*
- *Enhances the vitality and vibrancy of the Joondalup City Centre increasing the number of people attracted to the City Centre for work, retail and commercial and residential purposes.*
- *Provides a fast-growing location for business, commercial operators and Government agencies surrounded by existing infrastructure with an increasing population base”.*

Risk management considerations

Disposal of property needs to comply with the requirements of sections 3.58 and 3.59 of the *Local Government Act 1995*, which are designed to ensure openness and accountability in the disposal process.

It is possible that the reserve price as per the market valuations obtained may not be realised and the City needs to determine reserve prices below which it will not sell.

The recommendations for disposal are based on a combination of the best financial return, planning outcomes and community benefit.

Financial / budget implications

The paid parking revenue generated from the subject lots amounts to approximately \$297,353.74 per annum.

A financial and economic analysis of disposing of the subject lots will be undertaken and will include:

- one-off revenue generated from the sale of the properties
- additional rates income
- impact on the current revenue received from paid parking provided on the lots
- costs related to the actual sale of the lots (e.g. legal and settlement fees, advertising, valuation, land survey)
- loss of value to the City's asset register.

Regional significance

Not applicable.

Sustainability implications

Environmental

Environmental sustainability initiatives will be incorporated into the proposed design of all components of the development proposals.

Social

The development proposals will offer a range of attractions and activities for locals, workers, visitors and tourists.

Economic

The overall economic impacts of the development proposals include one-off construction impacts and on-going impacts generated by additional employment. These and other economic sustainability considerations will be included in the opportunities and options investigations.

Consultation

Public auction, public tender and private treaty methods have been used regarding the City's land disposal project. Advertising is a requirement with all three methods unless, in respect of private treaty, the disposal is exempt under Regulation 30 of the *Local Government (Functions and General) Regulations 1996*.

If required through the relevant development application processes, public advertising provides further opportunity for the community to make a submission on the future intent for the site on disposal.

COMMENT

The City has a track record of following the suggested disposal methods resulting in transactions where properties have been sold at prices comparing favourably to market valuations.

The City has an opportunity to respond to unsolicited bids from external parties to purchase City owned land. The opportunity exists to benefit from an improving market sentiment by generating proceeds from sale, expand the City's rates base, optimising the development potential of the relevant properties, increase activity and contribute to realising the overall vision for the Joondalup City Centre.

The intended disposal of Lots 6 and 505 and the City's ability to influence the nature of the proposed development will contribute to economic development and attract business to the Joondalup City Centre to expand Joondalup's capacity as a significant regional hub.

VOTING REQUIREMENTS

Simple Majority.

Cr Taylor entered the room at 7.31pm.

MOVED Cr Hollywood, SECONDED Cr Hamilton-Prime that Council:

- 1 NOTES the interest shown by external entities for the acquisition of Lot 6 (6) Lawley Court and Lot 505 (33) Collier Pass, Joondalup;**
- 2 AUTHORISES the Chief Executive Officer to investigate opportunities and options for the potential disposal of:**
 - 2.1 Lot 6 (6) Lawley Court, Joondalup;**
 - 2.2 Lot 505 (33) Collier Pass, Joondalup;**
- 3 NOTES that a report on the opportunities and options, including proposed disposal methodology, will be submitted to a future Major Projects and Finance Committee meeting.**

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Mayor Jacob, Crs Chester, Fishwick, Hamilton-Prime, Hollywood, Poliwka and Taylor.

Appendix 7 refers

To access this attachment on electronic document, click here: [Attach7agnMPF180312.pdf](#)

Disclosure of Proximity Interest

Name/Position	Cr Kerry Hollywood.
Item No./Subject	Item 8 - Burns Beach Cafe/Restaurant - Project Status.
Nature of interest	Proximity Interest.
Extent of Interest	Cr Hollywood lives close to the proposed new café restaurant boundary.

Cr Hollywood left the room at 7.34pm. Cr McLean deputised for Cr Hollywood.

ITEM 8 BURNS BEACH CAFE/RESTAURANT - PROJECT STATUS

WARD	North
RESPONSIBLE DIRECTOR	Mr Garry Hunt Office of the CEO
FILE NUMBER	102656, 101515
ATTACHMENTS	Attachment 1 Burns Beach Masterplan - Coastal Node Concept Plan Attachment 2 Proposed development area plan.
AUTHORITY / DISCRETION	Information - includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting').

PURPOSE

For the Major Projects and Finance Committee to consider options for the Burns Beach Café / Restaurant project.

EXECUTIVE SUMMARY

At its meeting held on 7 August 2017 the former Finance Committee considered a status report on the Burns Beach café / restaurant project. The report informed the former Finance Committee of project development details, financial analysis and the various delivery options for the project.

The City has since engaged consultants to assist with investigations into the development of a café / restaurant facility. The matters investigated are outlined in the report.

For the project to progress the next stage would be to undertake a competitive process to identify a design team to design the facility and associated supporting infrastructure for the development. It is also required that the City seeks in-principle agreement from the Department of Planning, Lands and Heritage (DPLH) for the use of the land required for the development.

It is therefore recommended that the Major Projects and Finance Committee NOTES:

- 1 the report on the status of the Burns Beach café/restaurant project;*
- 2 the Chief Executive Officer will invite submissions from suitably qualified consultants for the provision of architectural and associated services for the design of a new food and beverage development as outlined in this report;*
- 3 the Chief Executive Officer will negotiate with the Department of Planning, Lands and Heritage to secure an in-principle agreement on the optimum land tenure arrangement to facilitate the development;*
- 4 the Chief Executive Officer will initiate the process to demolish the Jack Kikeros Hall;*
- 5 a further report will be provided to the Major Projects and Finance Committee with details on the progress of the project.*

BACKGROUND

The City owns and manages a number of strategically located land parcels that in terms of accommodating cafés, kiosks and restaurants have the potential to increase the enjoyment of popular recreational locations and provide the City with a level of commercial gain.

At its meeting held on 22 June 2010 (CJ103-06/10 refers), Council endorsed the philosophy and parameters for the cafés / kiosks / restaurants project to articulate, for historical purposes, its intent to progress the project and to address the project objectives. The Cafés / Kiosks / Restaurants Project Vision recognises the provision of facilities which will:

- advance the City's ability to attract visitors / tourists for entertainment and socialising
- provide more employment, increase business opportunities, a greater awareness of the City's natural assets and a greater social and economic contribution by tourists
- provide equitable community based facilities that acknowledges and provides for the lifestyle and alfresco culture of Western Australia.

The fiscal responsibility and commerciality development parameters of the project aim to provide:

- assurance of commercial viability
- due diligence and financial / cost benefit analysis
- future financial and social benefit for City residents and visitors
- high quality, appropriate commercial operations
- consideration of co-location opportunities
- creation of an asset/s that maintains its capital value throughout its economic life cycle.

At its meeting held on 18 October 2016 Council resolved in part to adopt the Burns Beach Masterplan (CJ158-10/16 refers). The Burns Beach Masterplan contains a design for the coastal node precinct of Burns Beach which includes a location for a café / restaurant development.

A report was presented to the former Finance Committee at its meeting held on 7 August 2017 (item 11 refers) outlining various options for the City to deliver a café / restaurant development at Burns Beach. After due consideration it was decided in part:

“That the Finance Committee NOTES:

- 2 *the Chief Executive Officer will further investigate options for the City to build a café / restaurant facility at Burns Beach, with a view of leasing the facility to a commercial operator and to present options and opportunities to Council for consideration.”*

DETAILS

Since the meeting of the former Finance Committee in August 2017 the City has further investigated opportunities to build a café / restaurant facility. The City engaged various consultants including an architectural advisor, a specialist hospitality consultant with experience in the development and operations of similar food and beverage facilities and a commercial property advisor and valuer with experience in similar projects.

The following matters have now been addressed:

- Land tenure and property valuations.
- Liaison with existing burns beach café owners.
- Design brief.
- Facility location size and scale.
- Review of the burns beach masterplan coastal node concept plan (attachment 1 refers).
- Project cost and financial implications.
- Flora study.
- Site servicing availability and cost.

Project delivery options

There are two options for the City to deliver this project: where the City acquires the land from the Crown and builds a facility to lease to an operator, who will undertake the fit out of the building and operate the business (preferred option); and where the City acquires the land from the Crown and subleases the land to an operator to build the facility. Details of financial analysis and other considerations for the two options were previously presented to the former Finance Committee and demonstrated that the option where the City builds the development represents the optimum opportunity for the City.

Land tenure

The City held meetings with officers from the DPLH to discuss opportunities for the City to acquire a portion of Crown Land to facilitate the project. The DPLH indicated that several options were available for the City to acquire the land and that the City is required to provide a business case to the DPLH for consideration. Following the discussions with the DPLH the City, with assistance from consultants, has investigated the various land tenure options and assessed the financial and other implications.

The three options being considered for the City are as follows:

- 1 Lease the land from the Crown over 42 years and pay an annual payment of 25% of the market rent.
- 2 Lease the land from the Crown over 42 years and pay the total lease rental obligations up-front.
- 3 Purchase the land from the Crown at market value.

The City will continue to assess these options and will liaise with the DPLH regarding the option resulting in the optimum benefit for both parties.

Location

The location for the proposed café / restaurant development was reviewed with the following matters considered:

- Separation from nearby residences to minimise negative visual and acoustic impacts.
- The distance to the car parking spaces as shown in the Burns Beach Masterplan Coastal Node Concept Plan (Attachment 1 refers).
- The degree of separation from the existing café: it is considered that a location closer to the existing café may help to attract customers by creating a food and beverage precinct providing a range of food and beverage offerings.
- The serviceability of the site in terms of utilities.
- The serviceability of the site in terms of access for servicing and patron vehicles and emergency services vehicles.
- The importance of continuity of public space adjacent to the coast line.

As a result of detailed consideration of these matters it is suggested that the location of the facility, as currently indicated in the Burns Beach Masterplan Coastal Node Concept Plan (the location of the existing Jack Kikeros Hall and toilet / changerooms), be relocated to an area to the south, closer to the proposed new main car park in the adopted Coastal Node Concept Plan and closer to the existing Burns Beach Café.

It is intended that the Jack Kikeros Hall will soon be demolished. Then this area will be redeveloped with a new foreshore recreation area when the Burns Beach Masterplan Coastal Node Concept Plan is implemented. At that time the existing toilet / changerooms will be demolished and a new facility constructed. It is intended that current users of the Jack Kikeros Hall be advised that alternative community facilities are available at the Bramston Park Community Sporting Facility and other community facilities.

It is suggested that the new food and beverage development be set back a sufficient distance from the existing shoreline to allow for continuity of public open space adjacent to the shoreline. This action would also allay concerns over potential long-term impacts on the proposed facility resulting from coastal processes and storm events and will address recommended bushfire attack setbacks.

The suggested new site is more prominent in terms of elevation and visibility for visitors arriving at Burns Beach and is also closer to existing services including water, gas, electricity and sewerage, significantly reducing the costs of developing the site.

A new draft plan was created to give guidance on the location of the new facility (Attachment 2 refers). The plan shows a large area labelled as the 'Development Zone', some of which would potentially house the new facility and associated car parking and vehicular access.

The precise location and orientation of the development would form part of the scope for the design team.

Design Brief

A total building footprint of approximately 1,100 square metres is proposed. This would consist of one or two different tenancies as either one building or two separate adjacent buildings and either single or double storey. The tenancies would each contain approximately 300 square metres and 500 square metres of fully enclosed covered area respectively, or 800 square metres in total, with suitably sized additional alfresco areas.

It is suggested that the types of hospitality offerings that are most likely to succeed are:

- a large family restaurant/bar operation
or
- one family restaurant and a separate small bar.

An indicative cost of approximately \$3.5 million has been suggested for the new facility, as detailed in the report presented to the former Finance Committee at its meeting held on 7 August 2017 (Item 11 refers). This is the estimated cost to construct the new café / restaurant building and excludes the cost of additional car parking or other features in the adopted Burns Beach Masterplan Coastal Node Concept Plan, such as foreshore recreation area amenities, paths, landscaping, major earthworks and viewing platform structures. It is anticipated that some additional car parking bays will be required to service the additional demand created by the new facility however some of this demand will be met by the main car park already included in the Burns Beach Masterplan Coastal Node Concept Plan. Further costings, including that of car parking, will be undertaken during the design phase and financial evaluations will continue to be updated as the project progresses.

It is proposed that a detailed design brief be developed by the City and that a competitive process be undertaken to identify a suitably qualified design team to design and implement the development. The scope of works will require the design team to make suggestions on the location for the facility and deliver design solutions to accommodate the new facility within the context of the existing Coastal Node Concept Plan, including the necessary parking and service access. It is proposed that the provision of new public toilets and changerooms be included in the scope of works, to be included as part of the new facility, or located separately.

A separate competitive process would be undertaken by the City to identify a commercial operator or operators to enter negotiations to lease the premises from the City and undertake the commercial fit out of the facility and operate the business. This process would run parallel to the design process so that the eventual tenant would have some input into certain aspects of the facility design.

Issues and options considered

Not applicable.

Legislation / Strategic Community Plan / policy implications

Legislation Besides the legislation that covers the eventual planning and building requirements, with regard to the land related matters the *Land Administration Act 1997* and the DPLH relevant policies deal with the administration of Crown land. *The Local Government Act 1995* and the *Local Government (Functions and General) Regulations 1996* deal with local governments' disposition of property which includes leasing.

Strategic Community Plan

Key theme Economic Prosperity, Vibrancy and Growth.

Objective Destination City.

Strategic initiative Facilitate the establishment of major tourism infrastructure.

Policy Not applicable.

Risk management considerations

The DPLH's *State Coastal Planning Policy No. 2.6* applies to development along the City's coastline, particularly with regard to potential long-term risks from severe storm erosion and sea level rise. The City has undertaken the required *Coastal Hazard Risk Management and Adaptation Plan* for this site, in accordance with this legislation.

The DPLH's *State Planning Policy No. 3.7: Planning in Bushfire Prone Areas* also applies to this site. The City has undertaken a *Bushfire Attack Level (BAL)* assessment for the proposed site, in accordance with the legislation.

Other potential risks to the successful progression of the project include:

- inability to obtain support from the statutory approval authorities
- negative community reaction
- failure of negotiations on lease agreements
- a proponent, or the City, may opt not to proceed with the development.

Financial / budget implicationsCurrent financial year impact

Account no.	1-220-C1060
Budget Item	Cafés/Kiosks/Restaurants.
Budget amount	\$182,137
Amount spent to date	\$105,450
Proposed cost	\$0
Balance	\$76,687

Figures above are current at February 2018.

All figures in this report are exclusive of GST.

Future financial year impact

Annual operating cost Depending on the negotiated outcome a Crown Land lease may require the City to pay the Crown 25% of the market rent of the land per annum. If the City was to construct its own building it will be responsible for external maintenance and insurance of the building. All other annual operating costs including rates and consumption of services would be borne by the operator.

Estimated annual income The City would receive the market rent negotiated with a developer / operator, less any rental payments to the Crown. Rates would also be payable by the operator.

Capital replacement A capital replacement component has been included in financial evaluations for the project and will be further developed through the design process.

20 Year Strategic Financial Plan impact \$182,137 is included in the 2017-18 adopted budget which includes project costs for three sites, being Pinnaroo Point, Burns Beach and Neil Hawkins Park and costs for investigations into new opportunities.

The capital costs / funding for the City to build the facility is not currently factored into the City's *20 Year Strategic Financial Plan*. If the City proceeds with the construction of the facility at Burns Beach it is possible that some or all the capital cost may have to be funded from borrowings which would have an adverse impact on the Debt Ratio. This has been evaluated and there would be a slight worsening of the Debt Ratio but it would not fall below the required thresholds. More importantly the project would generate an income stream which would provide long-term improvements to the operating cash flow and the operating surplus ratio.

Impact year 2018-19.

All amounts quoted in this report are exclusive of GST.

Regional significance

The provision of cafés / kiosks / restaurants on City owned or managed land will provide significant resident / visitor / tourist benefit by enhancing the City's existing natural assets and amenities.

Sustainability implications

The project philosophy and parameters (CJ103-06/10 refers) outlines the intent of Council in progressing the project and addresses the following sustainability implications:

- Project Vision
- Land Use and Built Form
- Environmental Strategy

- Liaison Protocol
- Fiscal Responsibility and Commerciality
- Governance.

Consultation

The City may be required to publically advertise the proposed development in accordance with the *Local Government Act 1995*, pending final decisions on progressing the project.

COMMENT

The project will potentially provide a significant income stream for the City and will assist in addressing the City's current over-reliance on rates income by providing an additional/alternative long-term income stream, as per the City's Financial Diversity objectives contained within *Joondalup 2022: Strategic Community Plan 2012-2022*.

VOTING REQUIREMENTS

Simple Majority.

MOVED Mayor Jacob, SECONDED Cr Hamilton-Prime that the Major Projects and Finance Committee NOTES:

- 1 the report on the status of the Burns Beach café / restaurant project;**
- 2 the Chief Executive Officer will invite submissions from suitably qualified consultants for the provision of architectural and associated services for the design of a new food and beverage development as outlined in this report;**
- 3 the Chief Executive Officer will negotiate with the Department of Planning, Lands and Heritage to secure an in-principle agreement on the optimum land tenure arrangement to facilitate the development;**
- 4 the Chief Executive Officer will initiate the process to demolish the Jack Kikers Hall;**
- 5 a further report will be provided to the Major Projects and Finance Committee with details on the progress of the project.**

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Mayor Jacob, Crs Chester, Fishwick, Hamilton-Prime, McLean, Poliwka and Taylor.

Appendix 8 refers

To access this attachment on electronic document, click here: [Attach8agnMPF180312.pdf](#)

Project Code	Project Description
FNM2054	Whitfords Nodes Hillarys Lookout Stairway
MPP2047	Penistone Park Facility Redevelopment
MPP2063	Percy Doyle Tennis Clubrooms Refurbishment
MPP2064	Percy Doyle Soccer Clubrooms Refurbishment
PDP2256	MacDonald Park Landscape Masterplan
PDP2272	Parin Pioneer Park Development
RDC2018	Whitfords Avenue Upgrades
RDC2019	Burns Beach Road/Joondalup Drive Roundabout
SSE2057	Leafy City Program
STL2003	Joondalup City Centre Lighting
STL2048	Warrandyte Park Flood Lighting Upgrade

The following project which required a bi-monthly project report is currently in the development phase and a status report is not available at this time:

- Parin Pioneer Park Development.

DETAILS

A summary of the projects and their current status is detailed in the bi-monthly project reports forming Attachments 1-10 to this Report.

Issues and options considered

Not applicable.

Legislation / Strategic Community Plan / policy implications

Legislation Sections 5.17 and 6.80 of the *Local Government Act 1995*.

A committee cannot make decisions, on behalf of the Council, that require an absolute majority decision (section 5.17 of the *Local Government Act 1995*), in which case, and in accordance with Section 6.8 of the *Local Government Act 1995*, includes approving expenditure not included in the City's Annual Budget. The Major Projects and Finance Committee may only recommend to the Council to approve or modify capital works projects.

Strategic Community Plan

Key theme Financial Sustainability.

Objective Major project delivery.

Strategic initiative Not applicable.

Policy Not applicable.

Risk management considerations

Not applicable.

Financial / budget implications

Not applicable.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

The attached capital works project reports provide an update on the activities undertaken.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Hamilton-Prime, SECONDED Cr Fishwick that the Major Projects and Finance Committee NOTES the bi-monthly capital works project reports forming Attachments 1 to 10 to this Report.

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Mayor Jacob, Crs Chester, Fishwick, Hamilton-Prime, McLean, Poliwka and Taylor.

Appendix 9 refers

To access this attachment on electronic document, click here: [Attach9agnMPF180312.pdf](#)

Disclosure of Proximity Interest

Name/Position	Cr Russell Poliwka.
Item No./Subject	Item 10 - Confidential - Joondalup City Centre Development - Project Status.
Nature of interest	Proximity Interest.
Extent of Interest	Cr Poliwka is a beneficiary of a property owned across the road.

ITEM 10 CONFIDENTIAL - JOONDALUP CITY CENTRE DEVELOPMENT - PROJECT STATUS

WARD	North
RESPONSIBLE DIRECTOR	Mr Garry Hunt Office of the CEO
FILE NUMBER	103036, 101515
ATTACHMENTS	Attachment 1 Boas Place Concept Plan Option 4B Attachment 2 Draft outline of a generic Order of Magnitude Business Case
	<i>(Please Note: The Report and Attachments are confidential and will appear in the official Minute Book only).</i>
AUTHORITY / DISCRETION	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

This Item was considered earlier in the meeting prior to Item 1 – 2019-20 Community Facility Refurbishment Projects- Mildenhall and Duncraig Community Centre – Page 6 refers.

ITEM 11 CONFIDENTIAL - PINNAROO POINT CAFÉ - PROJECT STATUS

WARD	South-West
RESPONSIBLE DIRECTOR	Mr Garry Hunt Office of the CEO
FILE NUMBER	102656, 101515
ATTACHMENTS	Nil.

(Please Note: The Report is confidential and will appear in the official Minute Book only).

AUTHORITY / DISCRETION	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
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This report is confidential in accordance with Section 5.23(2)(c) of the *Local Government Act 1995*, which also permits the meeting to be closed to the public for business relating to the following:

- *A contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting.*

A full report was provided to Elected Members under separate cover. The report is not for publication.

Cr Hollywood entered the room at 7.41pm.

MOVED Cr Hamilton-Prime, SECONDED Cr Poliwka that the Major Projects and Finance Committee NOTES:

- 1 the Pinnaroo Point Café - Project status Report;**
- 2 the Chief Executive Officer will seek formal agreement with the Department of Planning, Lands and Heritage on a Crown Land lease, the key terms of which are outlined in this Report;**
- 3 once an agreement has been reached on the Crown Land lease, the Chief Executive Officer will finalise negotiations with Rock (WA) Pty Ltd trading as White Salt on a sub lease, the key terms of which will be consistent with the Crown Land lease;**
- 4 a further report will be presented to Council on the outcome of the Crown Land lease and sub-lease negotiations as detailed in parts 2 and 3 above.**

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Mayor Jacob, Crs Chester, Fishwick, Hamilton-Prime, Hollywood, Poliwka and Taylor.

URGENT BUSINESS

Nil.

MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil.

REQUESTS FOR REPORTS FOR FUTURE CONSIDERATION

Nil.

CLOSURE

There being no further business, the Presiding Member declared the meeting closed at 7.48pm; the following Committee Members being present at that time:

MAYOR HON. ALBERT JACOB, JP
CR KERRY HOLLYWOOD
CR PHILIPPA TAYLOR
CR RUSSELL POLIWKA
CR CHRISTINE HAMILTON-PRIME
CR RUSS FISHWICK, JP
CR JOHN CHESTER