

minutes

Major Projects and Finance Committee

MEETING HELD ON

MONDAY 28 NOVEMBER 2022

Acknowledgement of Traditional Custodians

The City of Joondalup acknowledges the traditional custodians of the land, the Whadjuk people of the Noongar nation, and recognises the culture of the Noongar people and the unique contribution they make to the Joondalup region and Australia. The City of Joondalup pays its respects to their Elders past and present and extends that respect to all Aboriginal and Torres Strait Islander peoples.

This document is available in alternate formats upon request

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Note:

Clause 15.10 of the City's *Meeting Procedures Local Law 2013* states:

This local law applies generally to committee meetings except for clause 7.1 in respect of members seating and clause 7.8 in respect of limitation on members speaking.

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 28 NOVEMBER 2022.

ATTENDANCE

Committee Members

Cr John Logan Mayor Hon Albert Jacob, JP	<i>Presiding Member</i>	<i>absent from 6.37pm to 6.43pm to 8.05pm</i>
Cr Adrian Hill Cr Nige Jones	<i>Deputy Presiding Member</i>	<i>absent from 6.40pm to 6.41pm to 7.26pm</i>
Cr Christopher May Cr Russ Fishwick, JP Cr John Raftis	<i>Deputising for Cr Hamilton-Prime</i>	<i>absent from 7.49pm to 7.53pm absent from 7.32pm to 7.33pm</i>

Observers

Cr Daniel Kingston Cr Russell Poliwka Cr Suzanne Thompson Cr John Chester Cr Tom McLean	<i>Deputising for Cr Jones from 7.26pm</i>	<i>absent from 6.45pm to 6.47pm absent from 7.43pm to 7.45pm to 7.26pm</i>
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Officers

Mr James Pearson Mr Nico Claassen Mr Mat Humfrey Mrs Kylie Bergmann	Chief Executive Officer Director Infrastructure Services Director Corporate Services Acting Director Governance and Strategy	<i>absent from 6.14pm to 6.17pm absent from 8.06pm to 8.07pm</i>
Mr Blignault Olivier	Manager City Projects	<i>absent from 7.46pm to 7.48pm to 8.04pm</i>
Ms Avril Schadendorf Mrs Deborah Gouges	Governance Officer Governance Officer (<i>via electronic means</i>)	

DECLARATION OF OPENING

The Presiding Member declared the meeting open at 6.00pm.

DECLARATIONS OF FINANCIAL INTEREST / PROXIMITY INTEREST / INTEREST THAT MAY AFFECT IMPARTIALITY

Disclosures of Interest affecting Impartiality

Elected Members (in accordance with clause 22 of Schedule 1 of the *Local Government [Model Code of Conduct] Regulations 2021*) 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 their interest.

Name / Position	Cr Russ Fishwick, JP.
Item No. / Subject	Item 7 - Status of Proposed Change to the District Boundary – Ocean Reef Marina Location.
Nature of Interest	Interest that may affect impartiality.
Extent of Interest	Cr Fishwick is a member of the Local Government Advisory Board.

Name / Position	Cr John Logan.
Item No. / Subject	Item 10 - 2022-23 Capital Works Program Update.
Nature of Interest	Interest that may affect impartiality.
Extent of Interest	A member of Cr Logan's family is a member of the Goollelal Greenwood Scouts who will benefit from the refurbishment work on Greenwood Scout Hall.

Name / Position	Cr Russ Fishwick, JP.
Item No. / Subject	Item 10 - 2022-23 Capital Works Program Update.
Nature of Interest	Interest that may affect impartiality.
Extent of Interest	Cr Fishwick is the Vice Patron of Sorrento Surf Life Saving Club and Senior Assessor for Surf life Saving WA.

APOLOGIES AND LEAVE OF ABSENCE

Apology

Cr Christine Hamilton-Prime, JP.

Leave of Absence Previously Approved

Cr Christine Hamilton-Prime	17 November to 1 December 2022 inclusive.
Cr Nige Jones	29 November to 6 December 2022 inclusive.
Cr Christine Hamilton-Prime	7 December to 31 December 2022 inclusive.
Cr Russ Fishwick	8 December to 31 December 2022 inclusive.
Cr John Raftis	19 December to 31 December 2022 inclusive.
Cr Christopher May	21 December 2022 to 6 January 2023 inclusive.

CONFIRMATION OF MINUTES

MINUTES OF THE MAJOR PROJECTS AND FINANCE COMMITTEE HELD ON 27 SEPTEMBER 2022

MOVED Cr Jones, **SECONDED** Cr Fishwick that the minutes of the meeting of the Major Projects and Finance Committee held on 27 September 2022 be confirmed as a true and correct record.

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Cr Logan, Mayor Jacob, Crs Fishwick, Hill, Jones, May and Raftis.

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 is not open to the public.

PETITIONS AND DEPUTATIONS

Nil.

REPORTS

ITEM 1 **MULTI STOREY CAR PARK 104 MCLARTY AVENUE, JOONDALUP**

WARD	All
RESPONSIBLE DIRECTOR	Mr Mat Humfrey Corporate Services
FILE NUMBER	101515, 08498
ATTACHMENTS	Attachment 1 Project Philosophy and Parameters 2022 Attachment 2 Reid Promenade Car Park - Review and Learning Points Attachment 3 Concept Design 1 to 3 - Hames Sharley Report Attachment 4 Concept Design 4 - Hames Sharley Report Attachment 5 QS Costings Attachment 6 Design Critique and Environmental Issues List Attachment 7 Consultation - outcomes report Attachment 8 Consultation - response from City Attachment 9 Demand Modelling Attachment 10 Retail and Commercial Needs Analysis Attachment 11 Social and Economic Return on Investment Attachment 12 Financial Evaluation Attachment 13 Business Case
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 Business Case for the potential Multi Storey Car Park at 104 McLarty Avenue, Joondalup.

EXECUTIVE SUMMARY

The City undertook a preliminary feasibility study in 2020 and has now prepared concept designs and a business case for the construction of a multi storey car park at 104 McLarty Avenue. There has been a great deal of investigation and consultation into this project which has culminated in the attached business case and supporting attachments. While the City is keen to support economic development and encourage growth into the City, the case for construction is not compelling and not recommended at this time.

It is therefore recommended that Council:

- 1 *NOTES the business case for the proposed multi storey car park at 104 McLarty Avenue, Joondalup;*
- 2 *NOTES that having considered the business case, resolves not to proceed with construction at this time;*
- 3 *NOTES that \$300,000 is already included in the adopted 2022-23 Budget for detailed design and will be removed during the 2022-23 mid-year budget review;*
- 4 *NOTES that \$16.8 million is currently included in the 5-Year Capital Works Program and Strategic Financial Plan and will be removed as part of the 2023 updates;*
- 5 *NOTES that demand modelling will be reassessed in 2024 for a potential multi storey car park at 104 McLarty Avenue, Joondalup and continue to liaise with large stakeholders in the Joondalup central business district to evaluate potential trigger points.*

BACKGROUND

The City undertook a preliminary feasibility review in 2020 which culminated in a report being presented to Council at its meeting held on 17 November 2020 (CJ175-11/20 refers), it was resolved that:

“Council:

- 1 *NOTES the feasibility for the City to construct a second multi-storey car park as detailed in Report CJ175-11/20;*
- 2 *REQUESTS the Chief Executive Officer prepare concept plans for a second multi-storey car park, which considers and addresses the incorporation of commercial uses within the site and elements that future proof the overall development.”*

This report and associated business case addresses item 2 above.

Vision

The City is committed to the activation of the Joondalup central business district (CBD) and the provision of adequate parking to attract employers, employees and visitors is crucial to the activation. The overall vision for the project is to:

Support economic development to the Joondalup CBD by ensuring that there is sufficient parking available for workers, commuters and visitors.

DETAILS

The City has used its Project Management Framework to prepare a detailed and robust business case for the project. This has been governed as follows:



The business case, provided as Attachment 13, can be reviewed as a stand-alone document without referring to the other attachments. This report does not intend to repeat all of the items within the business case. An extensive amount of research and consultation has been undertaken and is summarised below

	<p>Strategy A1 - Project Philosophy and Parameters A2 - RPCP review and learning points</p>
	<p>Design B1 - Concept Design 1 to 3 B2 - Concept Design 4 B3 - QS Estimates B4 - Issues list & environment</p>
	<p>Community C1 - Consultation Outcomes C2 - Consultation - response from City</p>
	<p>Financial & Economic D1 - Demand modelling D2 - Retail & Commercial needs D3 - Social / economic D4 - Financial Evaluation</p>

Issues and Scenarios considered


Scenarios

Four concept designs were prepared, with commercial and retail considerations. The project also evaluated the potential impacts of future-proofing the concept so that it could be converted to commercial in future, if the demand for parking reduced.

Outcomes of Business Case

The business case includes a detailed financial evaluation (Attachment 12 refers) and a multi-criteria assessment based on the project objectives. The assessment of the project is that there is not a compelling case at this point in time, to construct a Multi Storey Car Park. The business case has highlighted several positives and negatives for the project as summarised below.

OUTCOME	POSITIVE	NEGATIVE
CONSULTATION	Large Stakeholders Supportive	Low response, mixed support
DEMAND MODELLING	Major displacement factor (e.g. Lendlease / Boas Place)	Not compelling
COMMERCIAL DEMAND	Demand is there	Risk of vacancies
FINANCIAL	Operating benefits appear good for most options	No payback or longer than 50 years
FUNDING	Parking surpluses CAN pay for the facility	If project doesn't proceed, reserves build up
RISK APPETITE	City CAN afford this (except residential)	This would be a significant risk



Conclusion - **NOT** compelling
Do not fully commit at this stage

Options

Council's options are as follows:

- note the business case and do not proceed with the project
- note that further research is undertaken
or
- proceed to detailed design

Legislation / Strategic Community Plan / Policy implications

Legislation Section 5.56(1) of the *Local Government Act 1995* provides that:

"A local government is to plan for the future of the district."

10-Year Strategic Community Plan

Key theme Leadership.

Outcome: Responsible and financially-sustainable - you are provided with a range of City services which are delivered in a financially responsible manner.

Policy *Strategic Financial Plan – Guiding Principles.*

Risk management considerations

The Multi Criteria Assessment within the business case has included an appropriate element for the risk appetite of Council. In addition, there is a risk evaluation within the business case.

Financial / budget implications

The 2022-23 Budget includes an amount of \$300,000 for detailed design which is proposed to be reallocated at mid-year budget review. The 5-Year Capital Works Program and Strategic Financial Plan (SFP) include \$16.8 million in future years for the construction of the facility. If Council resolve not to proceed to construction this amount will be removed prior to consideration of the next update of the SFP.

Regional significance

The population of the north-west Perth Metropolitan region has, and will continue, to grow greatly in the years ahead. This will place an increasing demand for services in Joondalup (for example health, education, retail) and has been factored into the demand modelling within the business case.

Sustainability implications

The concept designs prepared by Hames Sharley (Attachment 3 and 4 refers) have given rise to some issues raised both internally and externally. These have been listed in Attachment 6 to this Report, with comments by the City and potential actions if the City were to proceed. The City's environmental team has been involved in the review.

Consultation

The City has used its consultation protocol to undertake community consultation. The outcomes of this are listed firstly in Attachment 7, and then the project team has prepared a supplementary document, being Attachment 8, which lists some of the key issues raised, a City response and potential action.

COMMENT

What are the trigger points to make the case positive?

The business case does not currently provide a compelling case to proceed with the multi storey car park. The City needs to understand what could change the demand modelling profile and make the case positive. There are several reference points in the Business Case and financial evaluation to indicate this, firstly, section 7.4 of the Business Case shows the demand modelling if Boas Place were developed. Secondly, the financial evaluation includes scenario analysis (11.3 of the Business Case refers) and shows the impact on the overall financial evaluation for this alternative scenario (scenario 3) and concludes that all options except scenario 3b would provide a positive financial outcome.

The potential trigger points to make the case positive are as follows:

- Boas Place development – the loss of at least 300 car bays (staff car park and public car park).
- Lakeside expansion in the northern entertainment precinct. If Lendlease proceeded with this, without providing their own on-site parking this could provide a trigger, if the demand was for 300 car bays.
- Lakeside reduction of existing car bays.
- Joondalup Health Campus – additional expansion which increases demand for parking that is not provided on site and is not provided by Reid Promenade Car Park.

Summary comments

This project is only considered paused at this moment in time. The City is committed to the activation of the Joondalup CBD and the provision of adequate parking to support this is essential. The City will therefore continue to reassess the demand modelling and liaise with large stakeholders to evaluate the impact of any trigger points.

Capacity to deliver project

If Council did resolve to proceed with this project, it is important to consider the overall pipeline of major projects and the capacity of the City to implement the project within the next few years, these are as follows:

- Total pipeline – there are currently 32 major projects that are at different stages in the process (evaluation, planning or implementation).
- On track – 17 projects are either not on track for desired timeline or at risk.
- Resource – 11 projects do not currently have an allocated project manager.

Taking into account the above, if the City were to proceed with the construction of a Multi Storey Car Park there would be a risk in its capacity to plan and implement.

VOTING REQUIREMENTS

Simple Majority.

The Director Infrastructure Services left the room at 6.14pm and returned at 6.17pm.

MOVED Cr May, SECONDED Cr Fishwick that Council:

- 1 NOTES the business case for the proposed multi storey car park at 104 McLarty Avenue, Joondalup;**
- 2 NOTES that having considered the business case, resolves not to proceed with construction at this time;**
- 3 NOTES that \$300,000 is already included in the adopted 2022-23 Budget for detailed design and will be removed during the 2022-23 mid-year budget review;**
- 4 NOTES that \$16.8 million is currently included in the 5-Year Capital Works Program and Strategic Financial Plan and will be removed as part of the 2023 updates;**
- 5 NOTES that demand modelling will be reassessed in 2024 for a potential multi storey car park at 104 McLarty Avenue, Joondalup and continue to liaise with large stakeholders in the Joondalup central business district to evaluate potential trigger points.**

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Cr Logan, Mayor Jacob, Crs Fishwick, Hill, Jones, May and Raftis.

To access this attachment on electronic document, click here: [MultiStoreyCarParkMPFC221128.pdf](#)

ITEM 2 HEATHRIDGE PARK MASTERPLAN PROJECT - CONCEPT DESIGN REVIEW

WARD	North-Central
RESPONSIBLE DIRECTOR	Mr Mat Humfrey Corporate Services
FILE NUMBER	04361, 101515
ATTACHMENTS	Attachment 1 Heathridge Park Aerial Map Attachment 2 Heathridge Park masterplan Concept Designs Attachment 3 Proposed concept design amendments
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 proposed updates to be made to the Heathridge Park masterplan concept designs.

EXECUTIVE SUMMARY

Heathridge Park located on Sail Terrace, Heathridge is approximately 9.6 hectares and is classified as a district sports park in the City's *Parks and Public Open Space Classification Framework*. The park comprises the following infrastructure:

- One active sports playing field.
- Heathridge Community Centre.
- Heathridge Park Clubroom.
- Guy Daniel Clubroom / Heathridge Child Health Centre.
- Ten outdoor tennis courts.
- Various sporting and park infrastructure including car parks, floodlighting, a play space and cricket nets.

There are 16 sporting and recreation clubs with a total of 2,552 registered members that currently use the facilities at Heathridge Park. There is a further 19 community groups that hire Heathridge Community Centre and six community groups that hire Guy Daniel Clubroom.

The redevelopment of Heathridge Park has been considered by the City for several years. The current infrastructure has limited functionality and does not meet the needs of the existing or potential future user groups. This includes specific deficiencies associated with the change rooms, storage, meeting room spaces, accessibility, and sporting field orientation.

In 2020, a needs and feasibility study was undertaken and confirmed the City's observations about inadequacies with the ageing infrastructure at Heathridge Park. As part of the study, concept designs indicating redevelopment options for Heathridge Park were developed along with associated preliminary capital and operational cost analysis.

User groups of Heathridge Park and the local community were invited to provide feedback on the concept design in November and December 2020. Council considered the results of community consultation at its meeting held on 16 March 2021 (CJ039-03/21 refers) and requested a review of the concept designs be undertaken.

A review of the previous concept design and community consultation results has been completed. Recent usage and bookings data has also been analysed, and key stakeholders including the sporting clubs have been engaged. The previous concept design has also been compared to the City's standard provision for community and sporting facilities.

An alternate option for the site has also been proposed to provide new / upgraded amenities for the sporting clubs and community groups who use Heathridge Park Clubroom, Guy Daniel Clubroom and Heathridge Community Centre. The alternate option could also include improved public amenities at the site.

This report presents the proposed updates to be made to the concept design options.

It is therefore recommended that Council:

- 1 *APPROVES the proposed updates to be made to the concept design options for the Heathridge Park masterplan project as detailed in this Report;*
- 2 *REQUESTS that a further report be made to the Major Projects and Finance Committee with revised concept designs and capital cost estimates at a future meeting.*

BACKGROUND

Suburb/Location	Heathridge Park – 16 Sail Terrace Heathridge WA 6027.
Applicant	City of Joondalup.
Owner	Crown Land – City of Joondalup Management Order.
Zoning	LPS Public Open Space.
	MRS Urban.
Site area	96,025.96m ² .
Structure plan	Not applicable.

Heathridge Park located on Sail Terrace, Heathridge (Attachment 1 refers) is approximately 9.6 hectares and is classified as a district sports park in the City's *Parks and Public Open Space Classification Framework*. The park comprises the following infrastructure:

- One active sports playing field.
- Heathridge Community Centre.
- Heathridge Park Clubroom.
- Guy Daniel Clubroom / Heathridge Child Health Centre.
- Ten outdoor tennis courts.
- Various sporting and park infrastructure including car parks, floodlighting, a play space and cricket nets.

A drainage site owned in freehold by the City is also located within the park.

There are 16 sporting and recreation clubs with a total of 2,552 registered members that currently use the facilities at Heathridge Park, these include the following:

- Ocean Ridge Junior Cricket Club – 128 members.
- Ocean Ridge Senior Cricket Club – 77 members.
- Ocean Ridge Junior Football Club – 802 members.
- Ocean Ridge Amateur Football Club – 160 members.

- Ocean Ridge Tennis Club – 150 members.
- Duncraig Tennis Club – 23 members.
- Dynamic Flame Badminton Club – 18 members.
- Ocean Ridge Seniors Social Badminton Club – 54 members.
- Sorrento Sandgropers Badminton Club – 44 members.
- Wallabies Badminton Club – 39 members.
- Eagles Junior Basketball Club – 100 members.
- Joondalup Lakers Basketball Club – 300 members.
- Padbury Pumas Junior Basketball Club – 350 members.
- Perth Dragon Floorball Club – 33 members.
- West Coast Calisthenics – 194 members.
- Beldon Scout Group – 80 members.

There are a further 19 community groups that hire Heathridge Community Centre and six community groups that hire Guy Daniel Clubroom.

The redevelopment of Heathridge Park has been considered by the City for several years. The current infrastructure has limited functionality and does not meet the needs of the existing or potential future user groups. This includes specific deficiencies associated with the change rooms, storage, function room spaces, accessibility and oval orientation.

In 2020, a needs and feasibility study was developed and confirmed the City's observations about inadequacies with the ageing infrastructure at Heathridge Park. The study noted that the outdated design and fragmented locations of the existing buildings results in servicing and operational issues, and that the redevelopment of Heathridge Park would assist with meeting the needs of existing and future user groups. As part of the study, concept designs showing redevelopment options for Heathridge Park were developed (Attachment 2 refers) along with associated preliminary capital and operational cost analysis. Council considered the needs and feasibility study and concept designs at its meeting held on 15 September 2020 (CJ138-09/20 refers) and endorsed the draft concept design for the purpose of community consultation.

The two redevelopment options for Heathridge Park were developed in response to a request from the junior football club for additional sports playing fields. The concept designs for both options are the same however, option one included a second junior sports playing field (which also required new sports floodlighting and relocation of the drainage site). Option two did not include the second junior sports playing field and retained the existing sports floodlighting and drainage site.

The key features of the previous concept design (option one) included the following:

- New multi-purpose community sporting facility with a single indoor multi-sport court.
- Enhanced / reconfigured car parking facilities.
- Reduced number of tennis courts from 10 to six.
- Realignment of the senior sports playing field and development of a second junior sports playing field with associated floodlighting infrastructure.
- Outdoor half-court basketball pad.
- Relocated cricket nets with associated lighting infrastructure.
- Nature play area.
- BBQ / picnic areas.
- Optional informal amphitheatre / seating event space.
- Footpath / exercise loop.
- Re-vegetated areas to account for tree loss in other areas.

User groups of Heathridge Park and the local community were invited to provide feedback on the concept design (option one) in November and December 2020. The community consultation results indicated that 58% of respondents either supported or strongly supported the concept design, 8% were neutral and 27% of respondents either opposed or strongly opposed (the remaining 7% of respondents did not provide a response to this question).

Comments provided by respondents during consultation included general support for the proposed redevelopment, however there was strong opposition against the proposal to reduce the number of tennis courts from 10 courts to six, particularly from respondents associated with the tennis clubs at Heathridge Park. Other key matters raised by respondents included insufficient car parking (both existing and proposed); the preference for a two-storey building and more storage; general opposition to the concept design; and support for the proposed second sports playing field to be larger.

Council considered the results of community consultation at its meeting held on 16 March 2021 (CJ039-03/21 refers) and requested a review of the concept designs be undertaken including the following considerations:

- Retention of existing tennis infrastructure.
- Scope and location of the proposed multipurpose facility.
- Additional car parking provision.

DETAILS

A review of the previous concept design and community consultation results has been completed. Recent usage and bookings data has also been analysed, and key stakeholders including the sporting clubs who use Heathridge Park Clubroom and the Ocean Ridge Tennis Club have been engaged. The previous concept designs have also been compared to the City's standard provision for community and sporting facilities.

The proposed amendments to be made to the concept designs (options one and two) are outlined in Attachment 3. A summary of these changes include the following:

- Provision of additional car parking.
- Additional rooms to be added to the new building.
- Sports playing field not to be expanded. Sports floodlighting and drainage site to be retained in existing locations.
- Retention / redevelopment of eight tennis courts.
- Relocation of the basketball pad to an alternate location.
- Retention of the existing cricket nets with new lighting.
- Design of informal amphitheatre / event space to be scaled back.

Where possible, concept design option one and two could be designed to be constructed in a phased approach.

Alternate concept design option (proposed option three)

An alternate option for the site is proposed to provide new / upgraded amenities for the sporting clubs and community groups who use Heathridge Park Clubroom, Guy Daniel Clubroom and Heathridge Community Centre. The alternate option could also include improved public amenities at the site. This option could deliver a number of the outcomes of the current masterplan, but at a likely reduced capital cost.

The existing infrastructure has limited functionality and does not meet the needs of the current or potential future user groups, particularly with the growth in female and integrated / all abilities sports. This includes specific deficiencies associated with the change rooms, storage, function room spaces, accessibility and playing field orientation.

The proposed option three could include the following:

- Retention of the existing sports playing field and associated infrastructure, cricket nets and tennis courts (no playing field expansion).
- Redevelopment of the Heathridge Park Clubroom with a new community sporting facility.
- Refurbishment of the existing Guy Daniel Clubroom.
- Refurbishment of the existing Heathridge Community Centre.
- Enhanced / reconfigured car parking facilities.
- Outdoor half-court basketball pad.
- Nature play area.
- BBQ / picnic areas.
- Footpath / exercise loop.
- Re-vegetated areas to account for tree loss in other areas.

It is anticipated that option three would have a lower capital cost than the current masterplan and could be constructed in a phased approach.

The City has not engaged with the community or key stakeholders of the facilities at Heathridge Park on the proposed option three, so there is a risk that it may not be supported. The previous community consultation results did indicate that only 58% of respondents either supported, or strongly supported, the concept design for option one.

If supported, it is proposed to update the concept designs for option one and two and develop a new concept design for option three. These updated / new concept designs can then be costed for further consideration.

Issues and options considered

It is considered that Council has two options, to either agree or not to agree to make the proposed amendments to the concept design options.

If Council agrees to update the concept designs, a further report will be prepared with the updated concept designs and cost estimates and presented to Elected Members at a future meeting.

Tennis courts

The Tennis West Strategic Facilities Plan (TWSFP) recommends a player to court ratio of 30:1 for floodlit tennis courts and 20:1 for unlit tennis courts. The needs and feasibility study identified that the number of courts currently provided at Heathridge Park (10) was an over-provision, based on the number of members of the existing clubs. At the time of the study, the Ocean Ridge Tennis Club (ORTC) had a membership of 90 and the Duncraig Tennis Club (DTC) had a membership of 25. Six floodlit hard courts would therefore provide for a membership of 180, and if they were unlit would provide for a membership base of 120. The tennis courts proposed in the concept design would be floodlit.

Recent data from the ORTC has shown an increase in membership, with the club now reporting a membership of 150. The DTC membership has remained steady at 23.

The ORTC did not previously support the reduction in the number of tennis courts and continue to request at least 10 tennis courts be provided at Heathridge Park.

As part of the updated concept designs (options one and two), it is proposed to include eight tennis courts. This is an increase from the six courts proposed in the previous concept design (is a decrease from the existing 10 courts). While the number of courts is an over-provision based on player to court ratios, Tennis West have advised that eight or more courts (district centres) are required for clubs to host inter-club competitions. The ORTC have expressed the desire to continue to have the ability to hold competitions at this facility, as this provides opportunity for player development and fundraising opportunities for the club.

The proposed option three concept design includes retention of the existing 10 tennis courts.

Legislation / Strategic Community Plan / Policy implications

Legislation Not applicable.

10-Year Strategic Community Plan

Key theme Place.

Outcome Functional and accessible – you have access to quality community facilities that are functional and adaptable.

Policy *Requests for New or Capital Upgrades to Existing Community Venues Policy.*
Public Art Policy.
Asset Management Policy.
Community Consultation Policy.

Risk management considerations

The City needs to ensure that the design of any new facilities at Heathridge Park meet the needs of user groups, the community and the City. An update to the concept design was requested by Council at its meeting held on 16 March 2021 (CJ039-03/21 refers), based on the results of community consultation. If the concept design is not updated, the City will not be able to meet this request.

If the project does not progress, the user groups and community members that use Heathridge Park will continue to operate within the existing limited facilities. Based on the classification of the park (district park); heavy utilisation of the sports playing field, the indoor sports court and some of the meeting room spaces; and inadequate existing facilities; a redevelopment is required to better service the user groups and local wider community's needs.

Any capital project brings risks in relation to contingencies and over runs against original design. The capital cost estimate is based on concept designs and may differ if further detailed designs are undertaken for the project.

Financial / budget implications

The financial analysis for the project were included in the report considered by Council at its meeting held on 15 September 2020 (CJ138-09/20 refers).

In July 2020, the estimated construction cost for option one was approximately \$15.6 million and option two was approximately \$14.6 million (Attachment 2 refers). Option one was a higher cost estimate due to the inclusion of a second junior sports playing field, new sports floodlighting and relocation of the drainage site. These indicative estimates will be updated with the revised concept designs. It is anticipated that option three would have a lower capital cost than option one and two.

Prior to the 2021 election, the State Government made a commitment of \$2.5 million towards the redevelopment of Heathridge Park. At this stage, no City funding has been allocated for the project.

The updates to the concept design and cost estimates will be completed by external consultants with funds available in the existing 2022-23 operational budget.

All amounts quoted in this report are exclusive of GST.

Regional significance

Not applicable.

Sustainability implications

Environmental

All facility redevelopment projects are planned to reduce the impact of the carbon footprint and consider environmental sustainability design features where possible within the project budget. The City will seek to retain the existing mature trees on site in the updated concept designs, however where this is not possible, new trees will be planted on a replacement ratio of 6:1.

Social

The City conducted one round of engagement in late 2020 with user groups and the local wider community to ensure that the proposed redevelopment represented the communities' diverse needs. Key stakeholders have also been engaged with as part of the recent concept design review process.

The proposed redevelopment at Heathridge Park will consider access and inclusion principles and aim to enhance the amenity of the public space. One of the main challenges with the site is the contour / level changes which may create issues with access from the existing car parks to the new facility, and compliance with access and inclusion requirements. To address this, vehicle ramps and / or accessible pedestrian pathways will be proposed to link the existing car parks to the proposed new facility and playing field.

Economic

One of the main principles of the City's *masterplan framework* is the development of 'shared' and 'multipurpose' facilities to avoid duplication, and to reduce the ongoing maintenance and future capital expenditure requirements. Concept design option one and two proposes a single multipurpose facility. Option three would see the site retaining three separate buildings.

Consultation

Previous engagement for the project was conducted in accordance with the City's approved *Community Consultation Policy and Protocol*. Results of the initial community engagement for this project were considered by Council at its meeting held on 16 March 2021 (CJ039-03/21 refers).

COMMENT

The proposed amendments to the concept design options for the Heathridge Park masterplan project have been identified from a review of the previous community consultation results; the previous concept design; the City's standard provision for community and sporting facilities; and recent usage and bookings data. If approved, the City will update the concept designs for option one and two and develop a new concept design for option three. These updated / new concept designs will then be costed and presented to a future Major Projects and Finance Committee meeting. The progression of the project into further design and construction stages will be considered as part of this future report.

VOTING REQUIREMENTS

Simple Majority.

Cr Jones left the room at 6.40pm and returned at 6.41pm.

Mayor Jacob left the room at 6.37pm.

MOVED Cr Hill, SECONDED Cr Fishwick that Council:

- 1 **APPROVES** the proposed updates to be made to the concept design options for the Heathridge Park masterplan project as detailed in this Report;
- 2 **REQUESTS** that a further report be made to the Major Projects and Finance Committee with revised concept designs and capital cost estimates at a future meeting.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr Logan, Crs Fishwick, Hill, Jones, May and Raftis.

Appendix 1 refers

To access this attachment on electronic document, click here: [Attach1MPFC221128.pdf](#)

ITEM 3 CRAIGIE LEISURE CENTRE REFURBISHMENT PROJECT – PHASE TWO

WARD	Central
RESPONSIBLE DIRECTOR	Mr Mat Humfrey Corporate Services
FILE NUMBERS	101515, 109484
ATTACHMENTS	Attachment 1 Craigie Leisure Centre Aerial Plan Attachment 2 Craigie Leisure Centre Refurbishment Option One Concept Plan Attachment 3 Craigie Leisure Centre Refurbishment Option Two Concept Plan Attachment 4 Craigie Leisure Centre Refurbishment Retail Needs Assessment Attachment 5 Craigie Leisure Centre Refurbishment Financial Evaluation Report Attachment 6 Craigie Leisure Centre Refurbishment Business Case Attachment 7 Craigie Leisure Centre Refurbishment Indoor Sports Courts Competitor Analysis
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 designs and estimated financial projections for the proposed phase two refurbishment works for Craigie Leisure Centre, Craigie.

EXECUTIVE SUMMARY

In February 2015, the City engaged a consultant to undertake an operational review of the health and fitness operations of Craigie Leisure Centre (CLC). 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 did not meet the growing needs of the local community and the significant changes within the health and fitness industry.

In August 2015, the City engaged a consultant to undertake a needs and feasibility study that would then be used to consider a long-term masterplan for CLC. The needs and feasibility study considered redevelopment works that could be undertaken and provided staging options for the project.

The City then engaged a consultant to develop preliminary concept plans for the proposed refurbishment works. The recommended works were divided into potential construction staging options and these were presented to Council at its meeting held on 20 March 2018 (CJ051-03/18 refers). Council approved phase one of the refurbishment project to proceed to the detailed design stage.

At its meeting held on 10 December 2019 (CJ177-12/19 refers), Council considered the detailed designs and estimated capital costs for the project and approved phase one works to proceed to construction tender stage. Council also noted that the remaining proposed refurbishment phases would be re-estimated and considered as part of a future review of the *Strategic Financial Plan (SFP)*.

In early 2021, the City tendered for construction of the phase one refurbishment project including extension of the gym; relocation and extension of the creche, group fitness, wellness and cycle studios; relocation of the staff room; and additional car parking works. Construction for phase one refurbishment works commenced in August 2021 and is expected to be completed in early 2023.

For the remaining proposed refurbishment works to be considered as part of a future review of the City's SFP, concept plans, capital cost estimates, financial evaluation and a business case have been prepared.

Two concept plan options have been developed to create a more welcoming facility reception and café to resolve noise / acoustic issues; create additional office space; improve / provide additional facilities and services available; with alternatives to expand the sports program offered to centre member and customers.

Option one includes new outdoor synthetic playing fields with floodlighting for night use and is estimated at \$5,434,000. Option two includes two new indoor sports courts and is estimated at \$8,295,000.

Option two with the two new indoor sports courts, is the recommended option. This option also includes improvement works to the reception; pro-shop; café; sports court change room facilities; staff office / meeting areas; and new health services area. Option two is estimated to generate an additional annual income of \$217,800. The financial analysis undertaken indicated that option two would generate an operating surplus both before and after depreciation. However, the operating results are small in terms of the investment costs and will not pay back the net establishment within a short timeframe.

The two new indoor sports courts will allow the centre to expand the current bookings and sporting competitions. The demand for indoor sports courts is high and there is currently a waiting list for user groups wanting to book the space. The indoor sports courts will also provide an opportunity for the centre to expand internal programs such as holidays / kids activities and the ability to hold large events such as state netball, basketball and badminton competitions.

The social and economic return on investment report indicated that for every one dollar invested as part of the project there would be over three dollar's value of benefits generated for the community.

The business case undertaken for the proposed works indicated that option two ranked higher than option one with a score of 7.8 out of 10 and demonstrates a high achievement against the project objectives.

If the recommended works for option two are supported, the proposed phase two refurbishment project will be considered for inclusion as part of a future review of the SFP.

It is therefore recommended that Council:

- 1 *SUPPORTS the proposed phase two refurbishment works at Craigie Leisure Centre as detailed as option two in this Report at a project cost estimate of \$8,295,000;*
- 2 *Subject to support of Part 1 above, NOTES that the proposed phase two refurbishment works will be considered as part of a future review of the Strategic Financial Plan with the preferred dates for the project to commence in 2025-26, concluding 2028-29.*

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	LPS Not applicable. MRS Parks and Recreation.
Site area	50,941m ² .
Structure plan	Not applicable.

Craigie Leisure Centre is located on Whitford Avenue, Craigie and was constructed in 1988 (Attachment 1 refers). 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; cycle room; function room; offices; toilets and change rooms; cafe; pro-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. The centre has approximately 4,000 members and approximately 1,500,000 visitors in 2020-21.

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 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 did 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.

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. The needs and feasibility study considered redevelopment works that could be undertaken and provided staging options for the project.

The City then engaged a consultant to develop preliminary concept plans for the proposed refurbishment works based on the outcomes and recommendations of the needs and feasibility study. The recommended works were divided into potential construction staging options and these were presented to Council at its meeting held on 20 March 2018 (CJ051-03/18 refers). Council approved phase one of the refurbishment project to proceed to the detailed design stage.

At its meeting held on 10 December 2019 (CJ177-12/19 refers), Council considered the detailed designs and estimated capital costs for the project and approved phase one works to proceed to construction tender stage. At the meeting, Council also noted, in part:

“6 that the remaining proposed refurbishment phases will be re-estimated and considered as part of a future review of the 20 Year Strategic Financial Plan.”

In early 2021, the City tendered for construction of the phase one refurbishment project including extension of the gym; relocation and extension of the creche, group fitness, wellness and cycle studios; relocation of the staff room; and additional car parking works. Construction for phase one refurbishment works commenced in August 2021 and is expected to be completed in early 2023.

DETAILS

For the remaining proposed refurbishment works to be considered as part of a future review of the City's SFP, concept plans, capital cost estimates, financial evaluation and a business case have been prepared.

The design objectives of the phase two refurbishment works include the following:

- Create a more welcoming facility reception and café to resolve noise / acoustic issues.
- Create additional office space.
- Improve / provide additional facilities and services available to members and customers of the centre.

Two concept plan options have been developed with alternatives to expand the sports program offered to centre members and customers.

Option one

Option one (Attachment 2 refers) has been estimated at \$5,434,000 and includes the following proposed works:

- New reception area – to improve noise / acoustics issues.
- New pro-shop area – to improve visibility and sales.
- Improved internal café eating area - to improve noise / acoustics issues.
- New outdoor café eating area – to improve member and customer experience.
- Refurbished sports court change room facilities – to improve the quality and access of the facilities.
- Additional office and meeting space – to ensure adequate office and meeting space for staff.
- New health services area such as physiotherapy, massage and so forth (to be leased) – to expand the services offered to members and customers.
- New outdoor synthetic playing fields with floodlighting for night use – to expand the centre's sports program.

Option two

Option two (Attachment 3 refers) has been estimated at \$8,295,000 and includes the same works as option one, except instead of new outdoor synthetic playing fields, this option proposes two new indoor sports courts to expand the centres sports program.

Social and economic return on investment / benefits cost ratio

In 2018, a consultant was engaged to identify the various social and economic impacts of the proposed refurbishment works. This analysis is still relevant and provides a good indication of the social and economic benefits of the proposed works.

The social and economic return on investment report determined that the overall benefits-cost ratio (BCR) of the proposed project was estimated at \$3.47 million which indicates that for every one dollar invested there would be over three dollar's value of benefits generated for the community. The City has identified that a BCR over three is recognised as providing a high or very high social and economic benefit. Both option one and two would rank as having a high social and economic benefit.

Retail needs assessment

In 2021, a consultant was engaged to evaluate the need and income opportunity of the proposed new health services area such as physiotherapy, massage and so forth (Attachment 4 refers).

A summary of the report states that:

- The primary catchment's population is expected to increase by 4,400 residents over the 2021 to 2036 period (equivalent to 0.4% per annum). The proposed health services area will predominantly cater to current needs.
- The site benefits from high exposure and accessibility. In combination with the colocation with aquatic and recreation uses, the site can support a wide catchment.
- The study area is an established area, and it is well supplied in terms of health service uses. However, there is an opportunity to allow existing practices to deliver health services from Craigie Leisure Centre and their existing location.
- Catchment residents have relatively higher incomes and expenditure levels compared to Perth averages. Residents in the catchment are also slightly older. This supports higher levels of demand for health services.
- An analysis of key health service types identified physiotherapy, chiropractors and other allied health such as massage therapists, clinical pilates, nutritionists, clinical psychologist and / or occupational therapists as the most viable uses for the proposed health services area.
- Based on a review of rental comparisons, the proposed 82m² of health services area is expected to attract rental returns of \$375 - \$525 per square metre plus outgoings (with base forecast of \$450 per square metre).
- There is strong economic and social merit in co-locating health services at Craigie Leisure Centre. Key benefits include: on-site employment; expanded health service amenities in the local area; increased visitor attraction; and increased local economic activity.

Expected additional income

It is anticipated that the proposed new pro-shop area; new health services area; and new outdoor synthetic playing fields / indoor sports courts would generate additional income for the centre.

Taking into consideration the additional income and expenditure of the new areas, the anticipated operating result for each has been estimated as additional annual income of the following:

- Pro-shop: \$15,000.
- Health services area: \$32,800.
- Outdoor synthetic playing fields: \$102,000.
- Indoor sports courts: \$170,000.

This would result in an estimated additional annual income of:

- \$149,800 for option one (outdoor synthetic playing fields).
- \$217,800 for option two (indoor sports courts).

Further information on the estimated additional income and expenditure of the project components is outlined in the financial evaluation report (Attachment 5 refers).

Financial evaluation

In early 2022, a financial evaluation was undertaken for the project (Attachment 5 refers). The evaluation considered three options for the project – do nothing; refurbishment option one; and refurbishment option two.

The financial evaluation assessed the three options by measuring four financial criteria. A score from one to 10 of how each criteria rated was completed, and a weighting applied to each criteria.

The following table summarises the financial evaluation scoring. The criteria used included the following:

- Financial capacity – the ability of the City to afford the net establishment costs. Both options one and two would score low because of the capital costs required which would deplete reserves that could otherwise be used for other projects; and the operating results are insufficient to pay back to the reserve.
- Operating results – option two scores highest because it is estimated to provide a minor operating surplus after depreciation. Option one generates a deficit after depreciation.
- Cashflow / payback within 20 years – both option one and two score low because the operating impacts have little impact on repaying the net establishment costs.
- Risks / opportunities – option two is more likely to achieve the income target due to current demand / waiting lists plus more opportunity to increase the income. Option one financials have been assumed and are therefore less likely to achieve the income.

<u>Financial criteria</u>	<u>Do Nothing</u>	<u>Option1</u> Outdoor synthetic playing fields	<u>Option2</u> Indoor courts	Weighting
1 Financial capacity	10	5	3	25%
2 Operating results	6	5	8	25%
3 Cashflow / payback within 20 years	10	3	1	30%
4 Risks/opportunities	10	1	5	20%
Total score before weighting	36	14	17	100%
Weighted score	9.0	3.6	4.1	

From a purely financial perspective, both option one and two have merit and are financially credible, however would deplete reserves without paying it back within a reasonable timeframe. Option two scores higher than option one because it has a better operating result and more certainty with the income.

Business case

In early 2022, a business case was undertaken for the project (Attachment 6 refers). The business case considered the three options for the project.

The business case evaluated the three options by assessing against both financial and non-financial objectives. A score from one to 10 of how each option meets the project objectives was completed, and an equal weighting of 25% was applied to each objective.

The following table summarises the scores for each option. The objectives included the following:

- Financial sustainability – these scores are from the financial evaluation report undertaken for the project.
- Social and economic return on investment – Option two scores higher than option one because it is estimated to have higher utilisation and therefore greater social / health benefits.
- Enhanced customer experience – option two is assumed to provide a greater customer experience than option one due to the demand for indoor sports courts over outdoor playing fields based on the current waiting list and customers survey feedback.
- Employee satisfaction – both options one and two score the same as they both include the same proposals for improved staff areas.

<u>OBJECTIVES</u>		<u>Do Nothing</u>	<u>Option1</u> Outdoor synthetic playing fields	<u>Option2</u> Indoor courts	<i>Weighting</i>
1	Financial sustainability	9.0	3.6	4.1	25%
2	Social & Economic return on Investment	1	7	8	25%
3	Enhanced customer experience	1	5	9	25%
4	Employee satisfaction	1	10	10	25%
Total score before weighting		22	36	41	
Weighted score		3.0	6.4	7.8	
Rank		3	2	1	

The business case indicated that option two ranks first, with a score of 7.8 out of 10. The analysis shows the differences between the options, with the do nothing option ranking higher in financial terms but scoring low in the other project objectives. The project demonstrates a high achievement against the objectives for both option one and option two. However, it should be considered if the financial impacts are acceptable, as both options will not pay back the initial investment.

Issues and options considered

It is considered that there are three options for the project as were identified and assessed in the financial evaluation and business case:

- Do nothing – do not proceed with any refurbishment works.
- Option one (all proposed refurbishment works and outdoor synthetic playing fields) estimated at \$5,434,000.
- Option two (all proposed refurbishment works and two new indoor sports courts) estimated at \$8,295,000.

The advantages and disadvantages of each option have been summarised in the following table.

Option	Advantages	Disadvantages
Do nothing	<ul style="list-style-type: none"> • No capital cost to the City. • Does not disrupt the operations of the centre with further refurbishment works. 	<ul style="list-style-type: none"> • Does not resolve the reception and café noise / acoustic issues. • Does not increase the size and improve the visibility and access to the pro-shop. • Does not provide an outdoor eating area to café for members and customers. • Does not improve the change room facilities for members and customers. • Does not provide additional office and meeting space for staff. • Does not provide new health services for members and customers. • Does not provide the opportunity for new health services lease fees to increase facility income. • Does not allow the centre to expand the sports program offered to members and customers.
Option one - all proposed refurbishment works and outdoor synthetic playing fields.	<ul style="list-style-type: none"> • The social and economic return on investment ranks this option as having a high social and economic benefit. • Create a more welcoming facility reception and café to resolve noise / acoustic issues, may enhance staff and member satisfaction and potentially increase membership sales and retention. 	<ul style="list-style-type: none"> • Capital cost to the City estimated at \$5,434,000. • Additional ongoing operating costs compared to the do nothing option. • In terms of operating impacts, would have an operating deficit after depreciation. • Would disrupt the operations of the centre with further refurbishment works. • Use of outdoor playing fields will be limited due to weather such as rain / heat.

Option	Advantages	Disadvantages
	<ul style="list-style-type: none"> • Improved quality of facilities may enhance member satisfaction and potentially increase membership sales and retention and pro-shop sales. • New café outdoor eating area may attract new members, enhance existing member satisfaction and potentially increase membership sales and retention. • Additional office and meeting space will ensure all staff have adequate work space (office space has not been increased since the 2005 refurbishment project. Staff numbers have increased and will increase further with the expected additional patrons following phase one works). • New health services may attract new members, enhance existing member satisfaction and potentially increase membership sales and retention. • New health services lease fees will increase facility income. • Additional / expanded sports program may attract new customers, enhance customer satisfaction and potentially increase sports program income. 	
<p>Option two - all proposed refurbishment works and two new indoor sports courts.</p>	<ul style="list-style-type: none"> • The social and economic return on investment ranks this option as having a high social and economic benefit. • Create a more welcoming facility reception and café to resolve noise / acoustic issues, may enhance staff and member satisfaction and potentially increase membership sales and retention. 	<ul style="list-style-type: none"> • Capital cost to the City estimated at \$8,295,000. • Additional ongoing operating costs compared to the do nothing option. • Would disrupt the operations of the centre with further refurbishment works.

Option	Advantages	Disadvantages
	<ul style="list-style-type: none"> • Improved quality of facilities may enhance member satisfaction and potentially increase membership sales and retention and pro-shop sales. • New café outdoor eating area may attract new members, enhance existing member satisfaction and potentially increase membership sales and retention. • Additional office and meeting space will ensure all staff have adequate work space (office space has not been increased since the 2005 refurbishment project. Staff numbers have increased and will increase further with the expected additional patrons following phase one works). • New health services may attract new members, enhance existing member satisfaction and potentially increase membership sales and retention. • New health services lease fees will increase facility income. • Additional / expanded sports program may attract new customers, enhance customer satisfaction and potentially increase sports program income. • Indoor sports courts provide more sporting options and variety for the community versus outdoor playing fields. • Indoor sports courts can be used all year and are not limited due to weather such as rain / heat. • In terms of operating impacts, would generate an operating surplus both before and after depreciation. 	

Based on the advantages outlined in the previous table, refurbishment option two is recommended. Option two will provide the following:

- New reception area – to improve noise / acoustics issues.
- New pro-shop area – to improve visibility and sales.
- Improved internal café eating area - to improve noise / acoustics issues.
- New outdoor café eating area – to improve member and customer experience.
- Refurbished sports court change room facilities – to improve the quality and access of the facilities.
- Additional office and meeting space – to ensure adequate office and meeting space for staff.
- New health services area such as physiotherapy, massage and so forth (to be leased) – to expand the services offered to members and customers.

The two new indoor sports courts are recommended over the outdoor synthetic playing fields due to several factors outlined in the following sections.

Participation overview

AusPlay is a large scale national population tracking survey funded and led by Sport Australia and provides statistics on participation in sport in Australia. In the 2021 AusPlay report, the data for basketball participation demonstrates the sport as one of the fastest growing in the country (particularly Western Australia) as follows:

- 1.13 million participants in Australia and is ranked third highest sport-related physical activity in Western Australia.
- in the past two years, participation has risen by over 50% for juniors and 22% for adults.
- is the most participated team sport for juniors with 65,000 children playing competitive basketball regularly.

The report also demonstrates the ongoing popularity for Netball participation as follows:

- 919,000 participants in Australia, with 12.5% of those participants in Western Australia.
- Since 2016, participation in netball has remained steady and the sport is ranked fourth highest sport-related physical activity chosen by women in the country.

A further report by AusPlay looking at sport categorisation data from 2019, shows basketball and netball classed as potential sports for medal prospects in the next two cycles of Olympic / Commonwealth Games. As high-performance sports under this categorisation, it is expected that interest in these sports will remain steady, if not increase.

An indoor sports court can accommodate multiple organised sports due to the versatility in line marking configuration. An indoor sports court is generally marked with playing lines for basketball, netball, badminton and volleyball. Other sports that rely on indoor sports courts, rather than an outdoor pitch include: indoor cricket; soccer; pickleball and gymnastics.

Current sports court usage

One of the benefits of an indoor sports court, is the multi-purpose usage for a variety of activities (not just organised sport). Craigie Leisure Centre offers a variety of court-based programming, including social sporting competitions; coaching; children and toddler activities and group fitness classes. External hire groups utilise the sports courts for physiotherapy; older adult activities; school group activities; active community groups; dance; gymnastics and organised sport. The other benefit of an indoor sports court is that they can be used all year round, regardless of weather conditions.

Currently, the peak demand for sports court usage is weekdays after school hours (4.00pm onwards) and Saturday (all day). There are nine basketball clubs that have regular bookings and casual basketball groups that hire on an ad hoc basis. The multiple sports courts are booked for a total of 53 hours per week for basketball activities (19 hours weekdays after school; 33 hours Saturday; one hour Sunday). There are currently 13 basketball clubs on the waiting list for a booking on weekdays after school hours or Saturdays.

There are also five other user groups that have a regular booking for the centres sports courts for 13 hours per week (after school and weekends). Based on the existing sports court usage, there is no capacity to expand internal programming or external hire availability (during peak hours).

Competitor analysis

Leisure centres and sporting facilities in the local surrounding areas and greater Perth Metropolitan area show varying indoor sport court arrangements. From single sports court venues to eight court stadiums, facilities experience similar high demand for indoor sports court use as Craigie Leisure Centre. The peak usage is consistently after school hours (4.00pm onwards) and Saturday (all day) and demand is predominately from basketball groups, and local basketball clubs.

Warwick Stadium, which is also located in the City consists of eight indoor sports courts. With 12 indoor sports courts available across Craigie Leisure Centre and Warwick Stadium, both venues are unable to cater for the high demand for sports courts. In the City of Joondalup area, there are a total of 22 indoor sports courts available (excluding school facilities). Court space in the area is limited with groups unable to be accommodated and put on a waiting list.

A competitor analysis has been undertaken highlighting usage and demand for indoor sports courts across seven similar facilities (Attachment 7 refers). All facilities offer sporting programs / competitions for sports including basketball, netball and futsal (indoor soccer). Internal competitions and programs typically take priority over external user groups however, it is understood that the demand for weekday afternoon and evening sports court space from external user groups continues to grow.

The indoor sports courts at all venues are line marked to allow for a variety of sports including basketball, netball and soccer. Most venues also cater for badminton and volleyball, and in some cases, indoor AFL. The multiple sports court line markings allows facilities to cater for external users and internal programming, while maximising utilisation during peak periods.

Legislation / Strategic Community Plan / Policy implications

Legislation Not applicable.

10-Year Strategic Community Plan

Key theme Place.

Outcome Functional and accessible – you have access to quality community facilities that are functional and adaptable.

Key theme Community.

Outcome Healthy and safe – you feel healthy and safe in your local community.

Key theme	Leadership.
Outcome	Responsible and financially sustainable – you are provided with a range of City services which are delivered in a financially responsible manner.
Policy	<i>Requests for New or Capital Upgrades to Existing Buildings Policy.</i>

Strategic position statements

At its meeting held on 8 December 2020 (CJ185-12/20 refers), Council endorsed the following strategic position statements relevant to the Craigie Leisure Centre refurbishment project:

- Leisure centre operations: Leisure centre operations overall should aim to be self-sufficient and meet all operating costs.
- Sustainable borrowing: The City supports borrowing as an appropriate form of financing capital expenditure in the achievement of objectives contained within the *Strategic Community Plan 2022-2032* and the SFP. Sustainable borrowing parameters should be determined as follows:
 - Long-term borrowing requirements will be identified as part of the City’s SFP and specific borrowings will be approved as part of the annual budget process.
 - Borrowings should only be considered where the impacts are within the range of the key ratio targets contained within the City’s SFP – guiding principles, in particular, the debt service coverage ratio.

The proposed refurbishment work meets the aims of these strategic position statements.

Risk management considerations

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

Any capital project brings risks in relation to contingencies and over runs against original design. The capital cost estimate is based on concept designs and may differ once further detailed designs are undertaken for the project.

Financial / budget implications

All amounts quoted in this report are exclusive of GST.

Capital costs

The works for option one are estimated at \$5,434,000. The cost estimate includes preliminaries, design and building contingencies and professional fees. The cost estimate is based on preliminary concept designs and does not include: upgrading any existing services such as electrical / hydraulic; cost escalation; GST and so forth. The cost estimate has been broken down into the following components:

Component	Cost Estimate
Reception, pro-shop, reception and aquatics office areas.	\$622,000
Health services consultation and waiting area	\$505,000
Internal and external café eating areas	\$1,003,000
Refurbished sports court change room facilities and meeting room	\$1,417,000

Component	Cost Estimate
Mezzanine office area	\$875,000
Outdoor synthetic playing fields	\$962,000
Artwork	\$50,000
TOTAL	\$5,434,000

The works for option two are estimated at \$8,295,000. The cost estimate includes preliminaries, design and building contingencies and professional fees. The cost estimate is based on preliminary concept designs and does not include upgrading any existing services such as electrical / hydraulic; cost escalation; GST and so forth. The cost estimate has been broken down into the following components:

Component	Cost Estimate
Reception, pro-shop, reception and aquatics office areas.	\$622,000
Health services consultation and waiting area	\$505,000
Internal and external café eating areas	\$1,003,000
Refurbished sports court change room facilities and meeting room	\$1,417,000
Mezzanine office area	\$875,000
Two new indoor sports courts	\$3,796,000
Artwork	\$77,000
TOTAL	\$8,295,000

Operating impacts

The following table summarises the operating impacts in today's dollars at steady state. This indicates that option two would generate an operating surplus both before and after depreciation, however option one would have an operating deficit after depreciation. The operating results for both options are small in terms of the investment costs and will not pay back the net establishment within a short timeframe.

Operating impacts 2034-35 (excluding inflation)	Option one (outdoor synthetic playing fields)	Option two (indoors sports courts)
Operating income	\$276,000	\$388,000
<i>Operating expenses</i>		
Operating cash expenses	(\$201,000)	(\$237,000)
Depreciation	(\$107,000)	(\$126,000)
Total operating expenses	(\$308,000)	(\$363,000)
Operating surplus / (deficit)	(\$32,000)	\$25,000

Total 20 year cash flows

The following table summarises the overall 20 year cash flows. The table shows that the overall 20 year cost for option one is over \$8 million deficit and for option two almost \$10 million deficit.

Cash flow summary (including inflation)	Option one (outdoor synthetic playing fields)	Option two (indoors sports courts)
<i>Establishment costs</i>		
One-off costs	(\$6,061,904)	(\$9,253,495)
Net funding required	(\$6,061,904)	(\$9,253,495)
Borrowings	\$6,061,900	\$9,253,500
Repayments	(\$6,062,100)	(\$9,253,600)
Interest earnings lost using reserve	(\$401,833)	(\$613,796)
Total establishment costs	(\$6,463,937)	(\$9,867,391)
<i>Recurring impacts</i>		
Operating cash expenses	(\$6,500,185)	(\$7,480,782)
Operating income	\$8,115,690	\$11,321,212
Asset replacement / depreciation	(\$3,158,057)	(\$3,727,586)
Total recurring impacts	(\$1,542,552)	\$112,844
Cash surplus / (deficit)	(\$8,006,489)	(\$9,754,547)

Regional significance

Craigie Leisure Centre provides services and programs to City of Joondalup residents and is also a destination centre for those within the region (approximately 1.5 million visitations per year). Improving the facilities at the centre will assist with further increasing visitations.

Sustainability implications

Environmental

The proposed works have been planned to reduce the impact of the carbon footprint and consider environmental sustainability design features where possible within the project budget.

Social

The proposed works considers access and inclusion principles with the aim to enhance the amenity of the public space.

The social and economic return on investment report determined that the overall benefits-cost ratio of the proposed project was estimated at 3.47 which indicates that for every one dollar invested there would be over three dollar's value of benefits generated for the community.

Economic

The economic implications of the proposed works have been outlined in the financial section of this report and the financial evaluation report (Attachment 6 refers).

Consultation

Consultation for the phase one refurbishment project was conducted in accordance with the City's approved *Community Consultation and Engagement Policy and Protocol*. Results of the consultation were considered by Council at its meeting held on 20 March 2018 (CJ051-03/18 refers).

If the proposed phase two refurbishment works are supported, the City will undertake further engagement with centre customers and members as part of the detailed design stage of the project.

COMMENT

The City, through its management of Craigie Leisure Centre, is recognised in Western Australia as an industry leader in the provision of community leisure and aquatic facilities and services. The operating position that the facility achieves each year is above the industry average. To remain competitive and continue to drive financial performance, it is recommended that the City undertake the phase two refurbishment works that will address the centre's remaining issues and maximise opportunities for income growth.

The phase one refurbishment works including extension of the gym; relocation and extension of the creche, group fitness, wellness and cycle studios; relocation of the staff room; and additional car parking works are expected to be completed in early 2023. These works will expand and improve the centre's gym and group fitness facilities. However, the reception; pro-shop; café; sports court change room facilities; and staff office / meeting areas will remain in need of improvement, which are proposed as part of phase two works. Phase two works also proposes to increase the centre's opportunity for income growth with a new health services area and new indoor sports courts / outdoor playing fields.

Option two which includes two new indoor sports courts, is the recommended option and is estimated at \$8,295,000. This option also includes improvement works to the reception; pro-shop; café; sports court change room facilities; staff office / meeting areas; and new health services area. Option two is estimated to generate an additional annual income of \$217,800. The financial analysis undertaken indicated that option two would generate an operating surplus both before and after depreciation. However, the operating results are small in terms of the investment costs and will not pay back the net establishment within a short timeframe.

The two new indoor sports courts will allow the centre to expand the current bookings and sporting competitions. The demand for indoor sports courts is high and there is currently a waiting list for user groups wanting to book the space. The indoor sports courts will also provide an opportunity for the centre to expand internal programs such as holidays / kids activities and the ability to hold large events such as state netball, basketball and badminton competitions.

The social and economic return on investment report indicated that for every one dollar invested as part of the project there would be over three dollar's value of benefits generated for the community.

The business case undertaken for the proposed works indicated that option two ranked higher than option one with a score of 7.8 out of 10 and demonstrates a high achievement against the project objectives.

If the recommended works for option two are supported, the proposed phase two refurbishment project will be considered for inclusion as part of a future review of the SFP. The financial analysis undertaken, was based on the project occurring between 2025-26 / 2027-28 with completion due in 2028-29. This would allow the centre to re-establish for a few years after phase one works before commencing any further refurbishment works.

Additional Information

This report was presented to the Major Projects and Finance Committee at its meeting held on 26 July 2022 where it was resolved as follows:

“That Item 3 – Craigie Leisure Centre Refurbishment Project – Phase Two BE REFERRED BACK to the Chief Executive Officer for a further report to be presented at the 28 November 2022 Major Projects and Finance Committee meeting to include:

- 1 *information on childcare facilities being located within the centre;*
- 2 *clarity on the catchment area for membership;*
- 3 *State Governments’ position in relation to HBF Arena;*
- 4 *the future of the café lease;*
- 5 *the commerciality of health and wellbeing enterprises;*
- 6 *information relating to financial implications of indoor versus outdoor courts.”*

This additional information will address each of the points raised as part of the motion carried at the 26 July 2022 meeting.

1 Inclusion of a childcare facility within the centre

It would not be recommended for the City to operate such a facility as it is not core business for the City of Joondalup. The City operates a creche as a secondary service to its customers for child minding prior to 1.00pm, Monday to Saturday.

The Craigie Leisure Centre (CLC) is on land reserved under the MRS for Parks and Recreation and in a Bush Forever site. Both the Local Government Zoning and the Metropolitan Regional Scheme Reserve / Zoning detail the site for Parks and Recreation.

The Department of Planning, Lands and Heritage have confirmed that development (planning) approval would be required to operate a childcare premise on the site.

Any application would be assessed against their Development Control Policy 5.3: Use of Land Reserved for Parks and Recreation and Regional Open Space. Use and development of land that is inconsistent with the purpose of the reserve would not be supported, however, use and development for commercial purposes ancillary and or compatible with the reserve and likely to enhance the public access to and enjoyment of the reserve may be supported.

It is questionable whether a commercially operated childcare centre could be considered likely to enhance public access to and enjoyment of the reserve given carers are likely to drop children off in the morning and leave the reserve. It is not possible to give a definite answer as to whether a planning application would be supported, as a full and proper assessment would be required, noting the Western Australian Planning Commission would be the determining authority for such application.

Noting that the proposal to include either a synthetic playing surface or additional indoor courts would severely restrict any further development of a childcare centre regarding available land on the site.

2 Clarity on the catchment area for membership

The CLC has approximately 4,200 members (members are defined as those purchasing a membership to either the gym, group fitness or both and excludes patrons of swim school, team sports or casual users) with a retention rate of approximately 46%, this is slightly lower than past years due to the number of cancellations during the global pandemic. Member numbers are expected to increase significantly at the completion of the current redevelopment of the CLC.

The top five suburbs for members are as follows:

- Kingsley.
- Duncraig.
- Padbury.
- Hillarys.
- Woodvale.

With 57% of members being female and 43% male.

The CLC has approximately 3,000 learn to swim patrons (this fluctuates from approximately 2,700 to 3,400 depending on the season) with the top five suburbs being the following:

- Duncraig.
- Kingsley.
- Padbury.
- Craigie.
- Greenwood.

With patrons split 50-50 between male and females.

3 State Government's position in relation to HBF Arena

The HBF Arena was constructed in the 1990's and over time has undergone various redevelopments to include the aquatic facility, additional grassed playing areas to the west, additional netball courts, additional basketball courts and clubroom facilities for AFL.

The site is owned by the State Government and managed on its behalf by VenuesWest. HBF Arena is designed and operated to facilitate high performance-based sports and not set at the community level like local government operations. To support this, VenuesWest have the following objective:

"We directly support high performance sport by providing training and competition facilities, direct subsidies to sports on venue and event costs and through the provision of accessible high-performance sport experiences for the community. VenuesWest's direct support of high-performance sport is at the core of who we are, we pride ourselves on the delivery of high-performance training and competition facilities and inspiring and facilitating pathways to success for all West Australians."

In addition to the HBF Arena, VenuesWest operate the following facilities:

- Bendat Basketball Centre.
- Champion Lakes Regatta Centre.
- Gold Netball Centre.
- HBF Park.
- HBF Stadium.
- Optus Stadium.
- Perth Motorplex.
- RAC Arena.
- SpeedDome.
- WA Athletics Stadium.

The City last wrote to the State Government in November of 2008 to ascertain its interest of the potential for the City to assume responsibility for HBF Arena. The request was based at the time that the City of Joondalup had matured and the role of the HBF Arena had gradually moved to become more of a local facility. The request was subject to various conditions that had been set by the Council at the time as follows:

- *“A train platform to be funded before transfer.*
- *Maintenance issues to be addressed before transfer.*
- *A funding stream from the State Government to be provided which reduces into future years.*
- *All caveats on the land which impede alternative land uses to be withdrawn.*
- *The State Government to contribute to the construction of an independent facility within the Structure Plan area for a West Perth Football Club facility.”*

The response by the then Minister for Sport and Recreation; Racing and Gaming; Minister Assisting the Minister for Health, the Hon T Waldron MLA was:

“I am not philosophically opposed to the eventual transfer of this facility to the City of Joondalup. I do not however, consider the minimum conditions upon which the City of Joondalup would agree to undertake discussions regarding the long term ownership of the facility to be in the interests of the tax payers of Western Australia.”

The Council has several adopted Strategic Position Statements, which are to provide an agreed position on strategic matters of interest to the City. These statements were reviewed in December 2020. The Council has adopted the following statement pertaining to the HBF Arena in the event the State Government withdraws it operations of the site.

“Should the State Government agree to the transfer of this large-scale leisure and recreation facility to the City, the transfer is supported on the following conditions as a minimum:

- *Consideration from the Minister for Transport and Public Transport Authority for the site to incorporate improved public transport linkages with the Joondalup City Centre.*
- *Maintenance of the existing facility to be addressed before transfer.*
- *Agreement for the land tenure to provide for development of commercial activities aligned to a sports precinct.”*

At the time of finalising this report attempts had been made to meet with the current Minister however it has not been possible to arrange.

4 The future of the café lease

The lease for the current operators ceased in April 2021 and has been operating on a month-by-month arrangement while the redevelopment was undertaken. In August of 2022, the process commenced to invite expressions of interest (EOI) for the future operations of the café. The EOI process closed early October 2022, with five submissions being received with three being invited to tender.

5 The commerciality of health and wellbeing enterprises

The City engaged the services of professional consultants to examine the feasibility of allied health services as part of this phase of the redevelopment of CLC. The outcomes of the analysis are attached to this report (Attachment 4 refers) which indicates that the proposed 82m² of consulting room floor space would attract an average of \$450m² per annum.

The recently constructed Cockburn Aquatic and Recreation Centre included area for consulting rooms which have been well received. The CLC receives regular enquiries from allied health professionals about the possibility of establishing rooms within the centre.

6 Information relating to financial implications of indoor versus outdoor courts.

The estimated construction costs of extending the facility to include two indoor courts and storage is estimated at \$3.8 million (inclusive of preliminaries, design contingencies, building contingencies and professional fees), in comparison estimated construction cost of \$791,000 for the additional courts to be located outside of the venue.

CLC is a heavily programmed venue which includes various team sport competitions being basketball, netball and indoor soccer and are held across the four terms each year. These generate an estimated \$800,000 in annual income within the existing facility and if the additional courts are constructed it is forecast that this annual income increases by \$230,000 per annum. If the courts were constructed outside, the project income would significantly reduce based on the inability of the centre to program activities and therefore generate income.

Indoor facilities provide greater income generating potential, through hireable and programmable space that is suitable for a more diverse range of activities. Extending the facility to include two new indoor courts would allow CLC to continue servicing a diverse range of activities across all operating hours, with the potential to increase the intake of programs including:

- Social sports competitions for netball, basketball and soccer.
- Community physiotherapy groups.
- Fitness programs for seniors.
- School group sports and activities.
- Community sports clubs.
- Toddler dance, gymnastics and sports classes.
- Overflow group fitness classes.

Indoor facilities give certainty regarding programming, with members and customers more assured of safety and weather conditions not impacting their programs. If the courts were outside, regular programming could not be guaranteed (due to weather conditions) and effectively they could only be hired, weather permitting on a casual arrangement.

This will be detrimental to the courts useability and occupancy with periods of inactivity due to external elements. There would also be challenges managing outdoor courts from incidental casual use. The greater flexibility and consistency in programming offered through expanding indoor court space is more likely to contribute to the long-term financial sustainability of CLC.

VOTING REQUIREMENTS

Simple Majority.

OFFICER'S RECOMMENDATION

That Council:

- 1 SUPPORTS the proposed phase two refurbishment works at Craigie Leisure Centre as detailed as option two in this Report at a project cost estimate of \$8,295,000;
- 2 Subject to support of Part 1 above, NOTES that the proposed phase two refurbishment works will be considered as part of a future review of the *Strategic Financial Plan* with the preferred dates for the project to commence in 2025-26, concluding 2028-29.

Mayor Jacob entered the Room at 6.43pm.

Cr Kingston left the room at 6.45pm and returned at 6.47pm.

PROCEDURAL MOTION – THAT THE ITEM BE REFERRED

MOVED Cr Logan, SECONDED Cr Raftis that Item 3 - Craigie Leisure Centre Refurbishment Project – Phase Two BE REFERRED to a future Strategy Session to allow further discussion.

The Motion was Put and

CARRIED (6/1)

In favour of the Motion: Cr Logan, Mayor Jacob, Crs Fishwick, Hill, Jones and Raftis.

Against the Motion: Cr May.

Appendix 2 refers

To access this attachment on electronic document, click here: [Attach2MPFC221128.pdf](#)

ITEM 4 EDgewater Quarry Status Report

WARD	North-Central
RESPONSIBLE DIRECTOR	Mr Mat Humfrey Corporate Services
FILE NUMBERS	37544, 101515
ATTACHMENTS	Nil
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 the Major Projects and Finance Committee to note the status of the Edgewater Quarry contamination investigations.

EXECUTIVE SUMMARY

The Edgewater Quarry site is comprised of land that has been classified by the Department of Water and Environmental Regulation (DWER) as: 'Possibly contaminated - investigation required'.

In June 2022 the City engaged environmental consultants to prepare an Interim Site Management Plan (ISMP). In response to the ISMP the City engaged contractors to identify and remove visible Asbestos Containing Material (ACM) from the site. The ISMP and a report from the asbestos removal contractors was then forwarded to DWER for their comment.

DWER provided formal feedback to the City on 28 September 2022. DWER considers that the site is suitable for an ongoing public open space land use, providing the ISMP is implemented. The City is required to update the ISMP to incorporate advice provided by DWER. A review of the ISMP by City Officers has also identified matters requiring clarification. The City will arrange for the ISMP to be amended and finalised accordingly.

As there is no plan to redevelop the Edgewater Quarry, the day-to-day management of contamination at the site will be treated as an operational matter and will be undertaken in line with the ISMP. It is considered that the milestones relating to the Edgewater Quarry site contamination activity can therefore be removed from the *Corporate Business Plan 2022 - 2026*.

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

- 1 *NOTES the Edgewater Quarry Status Report;*
- 2 *NOTES that an amendment to the Corporate Business Plan 2022-2026, to remove the milestones related to the Edgewater Quarry site contamination activity, will be considered in the Corporate Business Plan 2022 – 2026 Quarter 2 Report.*

BACKGROUND

Edgewater Quarry is a large undeveloped site of mostly Crown land covering approximately 17 hectares. The City has a management order over most of the 17 hectares. The site is bound by Regatta Drive, Treetop Avenue and Joondalup Drive, Edgewater.

In 2017 Council decided to establish the Edgewater Quarry Community Reference Group (EQCRG). The EQCRG met on several occasions to consider and agree to the aspirations for the Edgewater Quarry development, identify potential inclusions and exclusions and develop option plans. The option plans were subsequently translated into three draft preliminary concept plans and associated financial feasibility analyses. A preferred draft concept plan was identified by the group and presented to Council as a basis for community consultation.

Following endorsement by Council the preferred draft concept plan went out to community consultation in late 2020 and the results were considered by Council at its meeting held on 16 March 2021 (CJ040-03/21 refers). It was noted by Council in part that the concept plan was not supported by the majority of respondents to the community consultation and that a contamination investigation was required for the site. Council resolved as follows:

- “1 *NOTES the Community Consultation Outcomes Report – Edgewater Quarry Draft Preferred Concept Plan forming Attachment 1 to Report CJ040-03/21;*
- 2 *NOTES that the Edgewater Quarry Draft Preferred Concept Plan was not supported by the majority of respondents to the community consultation;*
- 3 *NOTES the Chief Executive Officer will undertake the required investigation to determine the presence and level of contamination of the site as required by the Department of Water and Environmental Regulation;*
- 4 *AGREES that a report be presented on the results of the contamination investigation and its impact on the future of the Edgewater Quarry.”*

A status report was provided to the Major Projects and Finance Committee at its meeting held on 26 July 2022 (Item 1 refers) outlining the process undertaken to prepare the ISMP.

DETAILS

The Edgewater Quarry is comprised of land that has been classified by the Department of Water and Environmental Regulation (DWER) as: ‘Possibly contaminated investigation required’.

In June 2022 the City engaged environmental consultants to prepare an ISMP. The ISMP confirmed the presence of surface ACM on site, however the risk is considered to be low and capable of management through the implementation of measures including further visual inspections of the site, removal of visible ACM, periodic inspections, training in asbestos awareness and signage posted on site.

In response to the ISMP the City engaged contractors to identify and remove visible asbestos from the site. The interim SMP and a report from the asbestos removal contractors was forwarded to DWER for their comment. DWER formally responded to the City on 28 September 2022. DWER requested advice on the above reports from the Department of Health (DoH) in relation to potential health risks from fill materials and asbestos.

DWER considers that the site is suitable for an ongoing public open space land use. A risk assessment has indicated that the asbestos contamination present on the site does not pose an unacceptable risk to human health, the environment, or environmental values under the current public open space land use, provided that the ISMP is implemented.

Understanding of groundwater quality below the site has not yet been addressed in the ISMP and therefore DWER has retained the classification of “possibly contaminated – investigation required”. The classification specifies ‘actions required’ that outline the requirement to implement the ISMP and to undertake groundwater investigations that characterise groundwater quality below the site. A Groundwater Monitoring Event report or a Detailed Site Investigation report documenting the results of these investigations will need to be submitted to DWER. When the results of groundwater investigations are submitted to DWER, they will be reviewed, and the site may be reclassified.

The City is required to update the ISMP to incorporate the advice provided by DWER and the DoH. A review of the ISMP by City Officers has also identified matters requiring clarification. The City will arrange for the ISMP to be amended and finalised accordingly.

Further assessments including additional groundwater analysis and investigations regarding the potential presence of poly-fluoroalkyl substances (PFAS), which are potential contaminants at landfill sites, would be required if the site is developed for a land use other than public open space land use.

As there is no plan to redevelop the Edgewater Quarry, the day to day management of contamination at the site will be undertaken in line with the ISMP. It is considered that the milestones relating to the Edgewater Quarry site contamination activity can therefore be removed from the *Corporate Business Plan 2022 - 2026*.

Issues and options considered

The Edgewater Quarry land is managed by the City on behalf of the Crown. The City is obliged to undertake the necessary contamination investigations as directed by the DWER.

Legislation / Strategic Community Plan / Policy implications

Legislation	In relation to the Edgewater Quarry the City is governed by the requirements of the following legislation: <ul style="list-style-type: none">• <i>Planning and Development Act 2005.</i>• <i>Environmental Protection Act 1986.</i>• <i>Land Administration Act 1997.</i>• <i>Environmental Protection and Biodiversity Conservation Act 1999 (Cwlth).</i>• <i>Biodiversity Conservation Act 2016.</i>• <i>Contaminated Sites Act 2003.</i>• <i>Work Health and Safety Act 2020.</i>• <i>Environmental Protection (Controlled Waste) Regulations 2004.</i>
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10-Year Strategic Community Plan

Key theme	Community.
Outcome	Healthy and safe - you feel healthy and safe in your local community.
Policy	Not applicable.

Risk management considerations

Appropriate management actions as included in the ISMP are being implemented in order to mitigate potential risks posed to human receptors and for risk reassurance purposes; particularly during any ground disturbing works such as maintenance works, the presence of waste will also require management action. Further investigations will be undertaken into potential ground water contaminants.

Financial / budget implications

Current financial year impact

Account no.	220-A2201.
Budget Item	Edgewater Quarry Masterplan.
Budget amount	\$ 71,200
Amount spent to date	\$ 12,475
Proposed cost	\$ 0
Balance	\$ 58,725

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

The City will now refer to the environmental consultant to request amendments to the ISMP to include comments from the City and feedback received from the DoH and DWER. Following those changes the ISMP will be finalised and the site will continue to be managed in accordance with the recommendations of the plan. The City will also consider options for further investigations required regarding the potential presence of ground water contamination.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Fishwick, SECONDED Cr May that the Major Projects and Finance Committee:

- 1 NOTES the Edgewater Quarry Status Report;**
- 2 NOTES that an amendment to the *Corporate Business Plan 2022-2026*, to remove the milestones related to the Edgewater Quarry site contamination activity, will be considered in the *Corporate Business Plan 2022 – 2026* Quarter 2 Report.**

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Cr Logan, Mayor Jacob, Crs Fishwick, Hill, Jones, May and Raftis.

ITEM 5 VISIONING THE JOONDALUP CENTRAL BUSINESS DISTRICT

WARD	All
RESPONSIBLE DIRECTOR	Mr Mat Humfrey Corporate Services
FILE NUMBER	101414, 101515
ATTACHMENTS	Attachment 1 Joondalup City Centre Commercial Office Development – Project Philosophy and Parameters endorsed 2010
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 Council to consider and endorse the Vision for the Central Business District Project Cluster.

EXECUTIVE SUMMARY

In July this year the Major Projects and Finance Committee noted the approach of coordinating the pipeline of major projects through the creation of functional clusters. Amongst the five clusters identified in the presentation, the Central Business District (CBD) cluster was presented as an example for exploration as it holds the potential for short to medium term activation and forms the focus of this report.

The CBD cluster consists of the following projects which are included in the City's Capital Works Program listed under Major City Projects:

- Second Multi storey car park.
- Boas Place Development.
- Joondalup Administration Building Redevelopment.
- Joondalup Performing Arts and Cultural Facility.
- Joondalup City Centre Place Activation.
- Edgewater Quarry.

These projects are interrelated as they are located within the CBD and as such may impact each other during development. The synergy between these projects, their individual and collective contribution to the CBD and the wider Joondalup community should be optimised under a common vision.

In drafting the vision statement in the recommendation, previous visions, development philosophies, planning solutions and input from consultants and interested parties has been considered. A set of actions have been developed to form part of a strategy to achieve the vision.

It is therefore recommended that Council:

1 *ENDORSES the Vision for the CBD cluster as outlined below:*

“The Joondalup City Centre is an iconic and recognisable business address known for its exciting innovation, technology, education and health industries. The outlook is dominated by quality, well-designed, sustainable buildings that complement the natural surroundings. The Joondalup City Centre offers abundant and varied employment opportunities for a locally-based workforce. Residents, workers and visitors enjoy high-amenity community spaces that have a vibrant, lively atmosphere. Places are integrated and interconnected and there is overall sense of flow.”;

2 *NOTES the actions to achieve this vision requires the City of Joondalup to:*

2.1 *Promote the City Centre as a desirable location for long-term capital investment;*

2.2 *Encourage and support development projects that generate ongoing employment opportunities in the City Centre;*

2.3 *Progress the development of cultural and artistic venues and spaces in the City Centre;*

2.4 *Deliver distinctive, high amenity public open spaces in the City Centre.*

BACKGROUND

In the strategic plan for the *Perth Metro, Directions 2031*, the State Government expands on its vision for the City of Joondalup:

“Transitioning Joondalup town centre to a primary activity centre that will be the major employment centre of the northwest sub-region is a significant undertaking and one that is unlikely to be completed by 2031. However, governments, planners, developers, and investors must begin making decisions with the end goal in mind if Joondalup is to evolve from a population driven consumer goods and services centre, to a more intense and diverse centre that attracts knowledge based and producer service businesses. (emphasis added).

The expected increase in commercial floor space is likely to come from two sources – redevelopment of brownfield commercial areas and greenfield sites. The existing low-density developments within the city centre, which were developed according to the needs at the time, have significant latent potential for higher density mixed use development.”

In response to the State Government’s vision for Joondalup the City proactively attempted to accommodate decentralisation of commercial office space from the Perth City Centre. A philosophy and parameters was written for this purpose which provided a vision and set of objectives to guide the future Joondalup City Centre Commercial Office Development on Boas Place. This project became known as the Boas Place Project.

Since the endorsement of the Joondalup City Centre Commercial Office Development – Project Philosophy and Parameters at the Council Meeting held on 25 May 2010 (CJ083-05/10 refers), further negotiations and investigations have guided the City’s actions and objectives in pursuing the opportunity of developing the Joondalup City Centre. (Attachment 1 refers).

At its meeting held on 20 July 2010 (CJ121-07/10 refers), Council amended its Position Statements for the Joondalup City Centre Commercial Office Development to align with the Project Philosophy and Parameters adopted in May 2010 as follows:

“Development of a high rise commercial office space within the CBD on Council owned land is supported under the following conditions:

- 1 *High quality, environmentally sustainable, landmark development that will strengthen the local economic and employment base for the City;*
- 2 *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 purposes; and*
- 3 *Provides a fast growing location for business, commercial operators and Government agencies surrounded by existing infrastructure with an increasing population base.”*

In September 2014 the City submitted a response to the State Government’s request for Expressions of Interest for Joondalup Office Accommodation. The City was advised that it was not the preferred respondent. The site selected for the State Government offices was the corner of Davidson Terrace and Shenton Avenue. Construction on this building was completed in 2018 and officers from the Department of Water together with Environmental Protection Authority Services relocated to Joondalup.

Due to the City being unsuccessful and following the cessation of negotiations with the then development partner, Council agreed to the preparation of an Order of Magnitude Business Case (OMBC) for the project.

The main purpose of preparing an OMBC for the Boas Place site is to provide Council with the appropriate information to enable an informed decision on the future of the site and the impact on the City’s financial position. The OMBC will also enable the City to provide potential developers/interested parties with sufficient information on the benefits of collaborating with the City to develop Boas Place.

Despite the City being unsuccessful in its bid to accommodate the relocation of State Government offices it should be noted that its efforts did create an awareness of what the City has to offer and in the following five years the following components proposed in the endorsed Boas Place Concept Plan became a reality:

- State Government office accommodation.
- Hotel development.
- High rise residential apartment block.
- Multi storey carpark.

The fact that these components within the Boas Place Concept Plan materialised confirms the accuracy of the City’s then development vision, realistic expectations of market conditions and how the City can accommodate it, while the Boas Place site remained untouched during the completion of these developments.

In view of the above and as suggested through the OMBC it is appropriate to revision the City Centre while considering the City’s overall vision as well as the *10-Year Strategic Community Plan’s* key themes and outcomes.

The *Corporate Business Plan 2022-2026* shares the vision that Joondalup is a vibrant place where people want to live, work and play, and where people can find everything they need locally. The City in 2032 caters for every stage of life. People feel welcome here and have a clear sense of belonging. We live in high-quality housing in attractive neighbourhoods which have excellent transport linkages and connectivity. We are multi-generational and multicultural; a place where everyone feels connected and safe. We celebrate and adopt technology and innovation. We are a hub for education and state-of-the-art health facilities, and we are an active advocate for health and other community services. The City in 2032 is internationally connected — we are a global-facing city, with local amenity, and a powerful sense of community. A global City: bold, creative and prosperous.

DETAILS

At its meeting held on 26 July 2022 (Item 7 refers), the Major Projects and Finance Committee noted the approach of coordinating the pipeline of major projects through the creation of functional clusters. It was also noted that the concept of cluster management will be introduced by using the Central Business District cluster as an example.

A strategy to cluster the major projects to pursue the efficient coordination of a pipeline of projects is proposed. The strategy will be guided by the grouping within the *10-Year Strategic Community Plan* and feedback from the budget workshops for the 2022-23 financial year.

The following provides further information on major projects contained within the CBD cluster:

Multi Storey Carpark – 104 McLarty Avenue

The City is committed to the activation of the Joondalup CBD and the provision of adequate parking to attract employers, employees and visitors is crucial to the activation.

The overall vision for the project is:

Support economic development within the Joondalup CBD by ensuring that there is sufficient parking available for workers, commuters and visitors.

This project has the potential to serve as a catalyst for the development of Boas Place as it will provide for the potential loss of parking, 300 bays, currently provided for on the Boas Place site, in the event of development of the site.

However, the business case does not currently provide a compelling case to proceed with the Multi Storey Car Park and it is suggested that it be reassessed in 2024.

Boas Place Redevelopment

Investigations into future opportunities for the development of Boas Place in the Joondalup City Centre to incorporate a variety of land uses. The potential redevelopment of Boas Place is a key component within the CBD cluster due to the City's ability, as owner, to accommodate interested parties and incentivise developers to develop the site towards the most beneficial and sustainable outcome.

Attention should also be given to the opportunity to integrate an arts and cultural facility within this development as it contributes significantly towards activation of the civic centre as well as the CBD.

It is important to recognise the abovementioned role of the proposed Multi Storey Car Park development as a catalyst for the Boas Place Redevelopment.

Joondalup Administration Building – Refurbishment

In 2017 an assessment of the City's current and future utilisation of the City's Administration Building was done. The assessment included an investigation into the maximisation of existing space to accommodate the City's administrative operations in the short, medium and long-term.

Determinations made by external consultants indicated that the Administration Building is reaching the end of its serviceable life. The City's current utilisation of the existing space is less than optimum. However, substantial investment would be required to refurbish the building and provide spaces that are conducive to, and representative of, a modern, workplace environment.

Joondalup Performing Arts and Cultural Facility

A dedicated arts facility proposed for the hosting of performing arts and cultural events and activities within the City of Joondalup.

Historically, the location of a performing arts facility was preferred to be in close proximity to the City's civic centre as it has synergy with the role and function of a civic centre and also serves as a catalyst for activation and place making.

Further consideration of a proposed arts and culture facility should be accommodated within a vision for the CBD cluster and in particular be integrated within a future Boas Place redevelopment.

Joondalup City Centre Place Activation Plan

The Joondalup City Centre Place Activation Plan is a pilot, place activation plan which aims to guide placemaking initiatives by community, local business, and the City for greater activation and vibrancy of the area. The plan establishes a vision for the Joondalup City Centre and various priority ideas (projects) that will inform the Council, City and local place makers on how to focus efforts to activate the City Centre.

Deliberative workshops involving a wide stakeholder group, identified and developed the following vision statement for the activation plan:

“Joondalup City Centre will be the heart and soul of the north, loved and enjoyed by its community and visitors”

Edgewater Quarry Masterplan

Management of potential ground and water contamination at the Edgewater Quarry site in response to a notice from the WA Department of Water and Environmental Regulation. The day to day management of the potential contamination is an operational matter and will be done in line with a Site Management Plan that is currently being refined.

It is suggested that the Edgewater Quarry Masterplan be removed from the CBD cluster as a project as the City does not intend to pursue any further development of this site. Furthermore, the site spatially is removed from the CBD area and will not contribute towards the vision for the cluster.

Issues and options considered

The proposed vision for the CBD cluster was developed in line with the aspirations of the Strategic Community Plan, feedback from budget workshops and relevant Council policies.

The major projects that constitutes the CBD cluster represents their own set of objectives and recommendations to guide the progress of each of these projects. The overall vision recognises these objectives and was formulated to accommodate them in an overarching statement of intend for the future of the Joondalup CBD.

Legislation / Strategic Community Plan / Policy implications

Legislation *Joondalup Activity Centre Plan, 2018.*

Section 5.56(1) of the *Local Government Act 1995* provides that:

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

10-Year Strategic Community Plan

Key theme Economy.

Outcome Prosperous and local - you fee supported to grow your business in the City.

Innovative and confident - you are attracted to the City’s unique characteristics and potential and feel confident in investing.

Appealing and welcoming - you welcome residents, and local and international visitors to the City.

Policy *Joondalup Place Activation Strategy.*
Joondalup City Centre Place Activation Plan.

Risk management considerations

Further detailed risk assessment will be required once the individual projects are progressed.

Financial / budget implications

Not applicable.

Regional significance

The City of Joondalup has been identified as a ‘Strategic Metropolitan Centre’ in the State Government Planning Framework *Perth and Peel@3.5 million* (Department of Planning, Lands and Heritage, 2018) and Boas Place supports and promotes the vision and objectives of the framework.

A vibrant and well-functioning Joondalup CBD will be the heart of City providing major employment opportunities in the northwest metropolitan area. Over time it has the potential to grow into a destination providing for opportunities in all spheres of the wider community’s needs.

Sustainability implications

The proposed vision and strategy to follow in pursuit of the vision, for the central business district (CBD) cluster, will address the following sustainability implications:

- Project Vision.
- Land Use and Built Form.
- Environmental Strategy.
- Liaison Protocol.
- Fiscal Responsibility and Commerciality.
- Governance.

These implications will be outlined in more detail as the individual projects progress.

Consultation

Numerous policies and plans including the *10-Year Strategic Community Plan*, the *Joondalup City Centre Place Activation Plan* and the *Joondalup Activity Centre Plan* have been subject to community engagement that meets statutory requirements and the *City's Community Consultation Policy*.

These policies and plans together with the visions and objectives of the relevant projects in this cluster are all incorporated and addressed within the overall vision for the CBD cluster.

The policy will also guide engagement with all stakeholders through the progression of each of the projects within the CBD cluster.

COMMENT

A Vision and Strategy in pursuit of the vision for the CBD cluster will serve as a guide to the coordinated progression of the projects within the cluster. Each project has its own profile and contribution towards making the overall vision a reality.

A projects profile consists of various aspects including magnitude, demand on resources, market conditions, appetite from interested parties, synergy with other projects, potential Social Return on Investment, most appropriate staging and potential to activate the CBD.

Coordination through the clustering of projects guided by the Vision should contribute towards realising a highly functioning Joondalup CBD contributing towards the region and wider area in an optimum manner.

VOTING REQUIREMENTS

Simple Majority.

PROCEDURAL MOTION – THAT THE ITEM BE REFERRED

MOVED Cr Raftis, SECONDED Cr Logan that Item 5 – Visioning the Joondalup Central Business District BE REFERRED to a future Strategy Session to allow further discussion.

The Motion was Put and

LOST (2/5)

In favour of the Motion: Crs Logan and Raftis

Against the Motion: Mayor Jacob, Crs Fishwick, Hill, Jones and May.

MOVED Cr Hill, SECONDED Mayor Jacob that Council:

1 ENDORSES the Vision for the CBD cluster as outlined below:

“The Joondalup City Centre is an iconic and recognisable business address known for its exciting innovation, technology, education and health industries. The outlook is dominated by quality, well-designed, sustainable buildings that complement the natural surroundings. The Joondalup City Centre offers abundant and varied employment opportunities for a locally-based workforce. Residents, workers and visitors enjoy high-amenity community spaces that have a vibrant, lively atmosphere. Places are integrated and interconnected and there is overall sense of flow.”;

2 NOTES the actions to achieve this vision requires the City of Joondalup to:

- 2.1 Promote the City Centre as a desirable location for long-term capital investment;**
- 2.2 Encourage and support development projects that generate ongoing employment opportunities in the City Centre;**
- 2.3 Progress the development of cultural and artistic venues and spaces in the City Centre;**
- 2.4 Deliver distinctive, high amenity public open spaces in the City Centre.**

The Motion was Put and

CARRIED (6/1)

In favour of the Motion: Cr Logan, Mayor Jacob, Crs Fishwick, Hill, Jones and May.

Against the Motion: Cr Raftis.

Appendix 3 refers

To access this attachment on electronic document, click here: [Attach3MPFC221128.pdf](#)

ITEM 6 BURNS BEACH CAFÉ/RESTAURANT FACILITY PROJECT STATUS REPORT

WARD	North
RESPONSIBLE DIRECTOR	Mr Mat Humfrey Corporate Services
FILE NUMBER	101515, 108335
ATTACHMENTS	Attachment 1 Request for Expression of Interest – Burns Beach Food and Beverage Opportunity
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 Expression of Interest (EOI) process to identify commercial operators for the proposed Café / Restaurant at Burns Beach.

EXECUTIVE SUMMARY

The City is progressing a project for a new two-storey food and beverage facility at Burns Beach. The City intends to construct the facility and lease the premises to commercial food and beverage operators.

A previous report to the Major Projects and Finance Committee meeting held on 26 July 2022 (Item 2 refers) in part provided details of a proposed two stage EOI process to identify potential commercial operators for the facility.

The EOI commenced on Saturday 19 November 2022 and will remain open until Wednesday 1 February 2023. Details of the EOI are in Attachment 1 to this Report and outlined in the details section of this Report.

An update on the outcome of the EOI process will be provided to a future meeting of the Major Projects and Finance Committee.

It is therefore recommended that the Major Projects and Finance Committee NOTES the Burns Beach Café / Restaurant Facility Project Status Report.

BACKGROUND

The City owns and manages several strategically located land parcels that in terms of accommodating cafés, kiosks and restaurants have the potential to increase the enjoyment of popular recreational locations, provide food and beverage options to the community 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 aims to provide the following:

- 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.

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 former 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".

At its meeting held on 12 March 2018 (Item 8 refers), the Major Projects and Finance Committee considered a status report on options for the implementation of the project and noted in part that the Chief Executive Officer will engage an architect to design a facility.

Several confidential reports were provided to the Major Projects and Finance Committee during 2018 and 2019 and at its meeting held on 9 March 2020 (Item 5 refers), the Major Projects and Finance Committee considered progress of the design development phase of the project, as well as an update on the City's request to the Department of Planning, Lands and Heritage (DPLH) to purchase Crown Land for the development - the DPLH indicated that a Crown Land purchase would not be considered and that a Crown Land lease was the preferred land tenure arrangement. The report also noted that the City was in the process of identifying a consultant landscape architect to review the 2016 *Burns Beach Master Plan – Coastal Node Concept Plan*.

At its meeting held on 15 September 2020 (CJ137-09/20 refers) Council considered a report on options to progress the project and resolved as follows:

- 1 *ENDORSES the refined Burns Beach Coastal Node Concept Plan forming Attachment 2 to this Report for the purpose of community consultation;*
- 2 *REQUESTS the Chief Executive Officer to commence community consultation on the refined Burns Beach Coastal Node Concept Plan as shown in Attachment 2 to this Report;*
- 3 *NOTES the proposed artist impressions for the City's Burns Beach café / restaurant Project forming Attachment 3 to this Report.*

At its meeting held on 21 July 2021 (CJ108-07/21 refers) Council considered a status report on the outcomes of community consultation on the *Burns Beach Coastal Node Concept Plan* and resolved as follows:

- “1 *NOTES the Community Consultation Outcomes Report (Attachment 1 refers) on the Burns Beach Coastal Node Concept Plan (Attachment 2 refers);*
- 2 *APPROVES the Burns Beach Café / Restaurant and Coastal Node Redevelopment Business Case (Attachment 3) as the basis for continuing to progress the project;*
- 3 *REQUESTS the Chief Executive Officer to continue to progress the Burns Beach Café / Restaurant and Burns Beach Coastal Node Redevelopment projects in line with the actions outlined in this report and the indicative project schedule outlined in Attachment 3 to this Report;*
- 4 *REQUESTS the Chief Executive Officer to initiate an Expression of Interest (EOI) process to identify potential commercial operators for the proposed café / restaurant facility;*
- 5 *NOTES that the project will not commence to construction until the relevant land tenure arrangements and required approvals have been secured and a commercial operator for the café / restaurant identified for consideration by Council. A further status report will be presented to the Major Projects and Finance Committee detailing the outcomes of these actions, to inform Council in making a final decision on whether to proceed with the development”.*

At its meeting held on 26 July 2022 (Item 2 refers) the Major Projects and Finance Committee noted a status report on the proposed Café / Restaurant at Burns. The report in part provided details for a two stage EOI process to identify potential commercial operators for the food and beverage facility.

DETAILS

Expression of Interest for Commercial Operators

The Expression of Interest (EOI) process commenced on Saturday 19 November 2022. The EOI was advertised in the West Australian newspaper, signage on site, social media posts, online hospitality industry and tourism publications, and in City of Joondalup publications and promotions. The EOI period will remain open until 1 February 2023.

The City has sought legal, probity and hospitality consultant advice to ensure a robust EOI process. It is considered that the EOI will provide the City with a better understanding of the types of food and beverage operators that are interested in leasing the facility and will inform Council prior to making a final investment decision to construct the project.

The EOI document is provided in Attachment 1 to this report for noting by the Major Projects and Finance Committee.

Updates on the EOI process will be provided to future meetings of the Major Projects and Finance Committee.

Issues and options considered

Not applicable.

Legislation / Strategic Community Plan / Policy implications

Legislation Besides the legislation that covers the planning, environmental and building requirements, regarding the land related matters, the *Land Administration Act 1997* and the Department of Planning, Lands and Heritage 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’ dealings with property, which includes purchase and leasing.

10-Year Strategic Community Plan

Key theme Place.

Outcome Functional and accessible – you have access to quality community facilities that are functional and adaptable.

Key theme Economy.

Outcome Innovative and confident - you are attracted to the City’s unique characteristics and potential and feel confident in investing.

Policy Not applicable.

Risk management considerations

Potential risks to the successful progression of the project include:

- the inability to obtain support and approvals from the statutory approval authorities
- negative community reaction to the project
- a lack of suitable respondents to the City’s EOI to identify commercial business operators
- failure of negotiations on lease agreements with commercial operators
- a proponent, or the City, may opt not to proceed with the development.

Financial / budget implications

Project costs for the food and beverage facility and the overall Burns Beach coastal node redevelopment are currently listed in the *Five-Year Capital Works Program*. A majority of the construction works are proposed to occur in 2023-24. It should be noted that the proposed project costs are based on a Quantity Surveyor cost estimate which was current in April 2021. The cost estimates will be further developed as the design process progresses.

It is envisaged that the Burns Beach Café/Restaurant project will provide an additional long-term income stream to the City.

Current financial year impact

Account no.	1-220-C1060.
Budget Item	Cafés/Kiosks/Restaurants (Burns Beach).
Budget amount	\$ 240,000
Amount spent to date	\$ 24,022
Proposed cost	\$ 16,864
Balance	\$ 199,114

Future financial year impact

Annual operating cost

In the event the City is successful in leasing the Crown Land required for the facility and the City constructs its own building, it will be responsible for paying Crown Land rent and the cost of structural maintenance, depreciation and insurance of the building.

All other annual operating costs including rates and consumption of services would be borne by the commercial operator. There will also be a level of operating costs associated with the other improvements to the coastal node.

Estimated annual income

The City will receive the market rent negotiated with an operator of the café / restaurant building. Rates will also be payable by the operator to the City.

Capital replacement

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

10 Year Strategic Financial Plan impact

The capital costs / funding for the coastal node redevelopment (including the café / restaurant) is currently included in the City's *5-Year Capital Works Program*.

Impact year

2022-23.

All amounts quoted in this report are exclusive of GST.

Regional significance

The redevelopment of the Burns Beach coastal node including the provision of the food and beverage facility 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 results of the community consultation on the Burns Beach coastal node concept plan were presented in a report to Council in July 2021 (CJ108-07/21 refers).

The City will be required to further advertise the proposed café / restaurant development in accordance with the *Local Government Act 1995*.

The café / restaurant will require approval of a development application, building permit and a clearing permit prior to being constructed. Further community consultation may be required as part of these approvals processes.

COMMENT

Further project updates will be provided to future meetings of the Major Projects and Finance Committee.

VOTING REQUIREMENTS

Simple Majority.

Cr Jones and Cr Thompson left the room at 7.26pm.

Cr Fishwick left the room at 7.32pm and returned at 7.33pm.

MOVED Cr Hill, SECONDED Mayor Jacob that the Major Projects and Finance Committee NOTES the Burns Beach Café / Restaurant Facility Project Status Report.

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Cr Logan, Mayor Jacob, Crs Fishwick, Hill, Kingston, May and Raftis.

Appendix 4 refers

To access this attachment on electronic document, click here: [Attach4MPFC221128.pdf](#)

Disclosure of Interest affecting Impartiality

Name / Position	Cr Russ Fishwick, JP.
Item No. / Subject	Item 7 - Status of Proposed Change to the District Boundary – Ocean Reef Marina Location.
Nature of Interest	Interest that may affect impartiality.
Extent of Interest	Cr Fishwick is a member of the Local Government Advisory Board.

ITEM 7 STATUS OF PROPOSED CHANGE TO THE DISTRICT BOUNDARY – OCEAN REEF MARINA LOCATION

WARD	North Central
RESPONSIBLE DIRECTOR	Mr Mat Humfrey Corporate Services
FILE NUMBER	04171, 101515
ATTACHMENTS	Attachment 1 Site plan – former reported potential district boundary Attachment 2 Schedule 2 – Development Agreement - Boundary of Responsibilities – Ocean Reef Marina
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

To provide a status update to Council on the City’s intended submission to the Local Government Advisory Board (LGAB) to amend the City of Joondalup’s (City) district boundary at the Ocean Reef Marina location.

EXECUTIVE SUMMARY

At its meeting held on 16 August 2016 (CJ117-08/16 refers), Council provided its conditional in-principle approval to change the City’s district boundary to include the proposed Ocean Reef Marina (Attachment 1 refers). Council requested that comments on the proposed new boundary be sought from the Department of Transport - Marine and Harbours (DOT) and the Department of Biodiversity, Conservation and Attractions (DBCA) Parks and Wildlife Service.

The comments received from these State Government agencies were reported to Council at its meeting held on 21 March 2017 (CJ023-03/17 refers), Council resolved in part to:

“2 *REQUESTS the Chief Executive Officer to liaise with the Department of Transport and the Department of Parks and Wildlife to determine the preferred location of the amended district boundary following the finalisation of the Public Environmental Review and Metropolitan Scheme Amendment processes.*”

Since Council's resolution of 21 March 2017, the Public Environmental Review, and the Metropolitan Scheme Amendment (MRS) No.1270/41 processes have been completed, as have other matters that may impact the location of the district boundary at the Ocean Reef Marina (ORM) location. In July 2017, the Western Australian Government approved a business case for the ORM development that indicated the project implementation phases.

At its meeting held on 16 February 2021 (CJ019-02/21 refers) Council authorised the execution of the *Ocean Reef Marina Heads of Agreement*. This document contained the agreed principles to facilitate negotiations between the City and DevelopmentWA prior to preparing and executing the ORM Development Agreement and Land Transfer Deed. Council then approved the Development Agreement and Land Transfer Deed at its special council meeting held on 29 March 2022 (JSC01-03/22 refers). Approval was subject to the review of the agreements by the City's solicitors, with any non-minor agreement changes to be reported back to Council.

The current status of the ORM development project is that marine works have commenced, and Stage 1, a 103-lot subdivision has received conditional approval. Minor amendments are currently taking place via solicitors on the Development Agreement and Land Transfer Deed with finalisation imminent.

Attachment 2 to this Report is Schedule 2 to the ORM Development Agreement - Boundary of Responsibilities, where a demarcation line indicates the management responsibilities. As the ORM project has progressed, it has become evident that amendments to the demarcation line are required. Once the City, DevelopmentWA, and the DOT as the future marina manager have discussed and agreed to any changes, the outcome may influence the location of the new district boundary. At this stage, it appears that deviations to that indicated on Attachment 1 will be required.

It is therefore recommended that Council:

- 1 *NOTES the City's intention to make a submission to the Local Government Advisory Board to amend the City's district boundary at the Ocean Reef Marina location;*
- 2 *NOTES that changes to the demarcation line of management responsibilities shown on Attachment 2 to this Report, being Schedule 2 of the Ocean Reef Marina Development Agreement - may influence the district boundary location at the Ocean Reef Marina;*
- 3 *REQUESTS the Chief Executive Officer to submit a further report to Council on the City's proposed district boundary at the Ocean Reef Marina location prior to a submission being made to the Local Government Advisory Board.*

BACKGROUND

At its meeting held on 16 August 2016 (CJ117-08/16 refers), Council provided in-principle approval to amend the City's district boundary to include the proposed ORM (Attachment 1 refers). Council requested that prior to its final determination, invitations to comment be extended to the DOT and the DBCA's Parks and Wildlife Service. The DOT's interest as the potential future government agency to have the management responsibility for Ocean Reef Marina and the DBCA as the proposed boundary change was within the Marmion Marine Park, which the DBCA administers.

Council resolved as follows:

- “1 APPROVES in principle the proposal to change the City of Joondalup district boundary at the existing Ocean Reef Boat Harbour to include the proposed Ocean Reef Marina development;
- 2 REQUESTS the Chief Executive Officer to issue a direct invitation to the Department of Transport (Marine and Harbours) and the Department of Parks and Wildlife seeking comments on the proposal as outlined in Part 1 above;
- 3 REQUESTS the Chief Executive Officer to provide a further report to Council detailing comments received from the Department of Transport and the Department of Parks and Wildlife prior to making a final determination to the Local Government Advisory Board to submit a proposal to change the City of Joondalup district boundary at the existing Ocean Reef Boat Harbour.”

The advice from the DOT and the DBCA was a pending MRS amendment, and the proposed amendment to the Marmion Marine Park boundary would help to provide more certainty on the proposed new boundary.

At its meeting held on 21 March 2017 (CJ023-03/17 refers) with Attachment 1 being the same attachment as that provided with Report No. CJ117-08/16, the comments from the DOT and DBCA were reported to Council. It was resolved that:

- “1 NOTES the comments provided by the Department of Transport and the Department of Parks and Wildlife regarding the proposal to amend the district boundary of the City of Joondalup;
- 2 REQUESTS the Chief Executive Officer to liaise with the Department of Transport and the Department of Parks and Wildlife to determine the preferred location of the amended district boundary following the finalisation of the Public Environmental Review and Metropolitan Scheme Amendment processes;
- 3 REQUESTS the Chief Executive Officer to provide a further report to Council for a determination to submit a proposal to the Local Government Advisory Board to change the City of Joondalup district boundary at the existing Ocean Reef Boat Harbour based on the outcome of the liaison outlined in Part 2 above.”

The MRS Amendment 1270/41 – Ocean Reef Marina Development was gazetted on 29 November 2019 resulting in appropriate MRS zonings now being in place in ORM. The *Reserves (Marmion Marina Park) Bill 2019* excised an area out of the Marmion Marine Park to facilitate the development of the Ocean Reef Marina.

DETAILS

The Local Government Advisory Board (LGAB) is the body established by the *Local Government Act 1995* (the Act) to assess proposals for changes to local government district boundaries. Section 2.1 of the Act sets out the requirements for a change to a local government district boundary and Schedule 2.1 of the Act sets out the detailed processes to be followed.

The LGAB also provides guiding principles that form the basis for considering changes to local government boundaries and consider the factors set out in the Act.

When providing its recommendation to Council on the new district boundary, it will be reported on how the City will meet the requirements of Section 2.1 and Schedule 2 of the Act.

Issues and options considered

Careful consideration of the amendment to the City's district boundary at any location is necessary. This is based on the possible implications that include the inability to apply the City's *Local Planning Scheme No. 3*, the *Health Act*, the *Building Code of Australia*, and other legislation including the City's Local Laws. The application of local government rates where applicable is also a consideration.

Given the current ORM project status which now includes a conditionally approved subdivision, it appears timely for a review of the management details.

The City considers its management responsibilities are for the terrestrial/land component of the development which include maintenance, operation, and replacement of the public infrastructure, services, and public open spaces. The Marina Manager (the DOT) is to be responsible for the marine precinct, the waterbody, marina facilities, boat pens, the pen amenities site, revetment walls, breakwaters, and the portion of the road in the north supported by the breakwater. Refinement to the demarcation of responsibilities which will include the demarcation line shown on Attachment 2 needs to be discussed and agreed upon with DevelopmentWA and the DOT.

Legislation / Strategic Community Plan / Policy implications

Legislation Section 2.1 (2) of the *Local Government Act 1995* provides that in relation to creating, changing the boundaries of, and abolishing districts Schedule 2.1 has affect.

10-Year Strategic Community Plan

Key theme Economy.

Outcome Appealing and welcoming - you welcome residents and local international visitors to the City.

Policy Not applicable.

Risk management considerations

Proceeding with a proposal to amend the City of Joondalup's district boundary is a relatively low risk although the location of the amended boundary must not be inconsistent with the MRS boundary and the DBCA and the DOT agree.

Financial / budget implications

Not applicable.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

The City has sought comment from the relevant State Government agencies involved with the ORM development to date and will continue to do so before reporting back to Council on the future district boundary at the ORM location.

Since the inception of the Ocean Reef Marina project, the City has undertaken rigorous community engagement. The inclusive engagement process resulted in significant support for the project that would inevitably result in the expansion of the City and a subsequent amendment to the district boundary.

The *Local Government Act 1995* sets out in *Schedule 2.1* the need for the LGAB to undertake an inquiry concerning a district boundary proposal unless it determines that the proposal is minor. If the LGAB determines that the proposal is not minor, it is obliged to conduct its own inquiry even if the local government has already undertaken its own consultation. A formal inquiry would require notice to affected electors, affected local governments, and affected electors of other local governments.

COMMENT

The City and DevelopmentWA are currently undertaking minor amendments to the Development Agreement and Land Transfer Deed. Schedule 2 of the Development Agreement – shown as Attachment 2 to this Report – indicates the demarcation of management responsibilities. There are a number of proposed management changes that the City will discuss with DevelopmentWA and the DOT with a result being an amendment to the demarcation line indicated on Attachment 2. The future district boundary will be considered as part of these discussions.

VOTING REQUIREMENTS

Simple Majority.

Cr Poliwka left the room at 7.43pm

MOVED Mayor Jacob, SECONDED Cr May that Council:

- 1 **NOTES** the City's intention to make a submission to the Local Government Advisory Board to amend the City's district boundary at the Ocean Reef Marina location;
- 2 **NOTES** that changes to the demarcation line of management responsibilities shown on Attachment 2 to this Report, being Schedule 2 of the Ocean Reef Marina Development Agreement, may influence the district boundary location at the Ocean Reef Marina;
- 3 **REQUESTS** the Chief Executive Officer to submit a further report to Council on the City's proposed district boundary at the Ocean Reef Marina location prior to a submission being made to the Local Government Advisory Board.

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Cr Logan, Mayor Jacob, Crs Fishwick, Hill, Kingston, May and Raftis.

Appendix 5 refers

To access this attachment on electronic document, click here: [Attach5MPFC221128.pdf](#)

ITEM 8 FINANCIAL SUSTAINABILITY GUIDING PRINCIPLES 2023

WARD	All
RESPONSIBLE DIRECTOR	Mr Mat Humfrey Corporate Services
FILE NUMBER	110433, 101515
ATTACHMENTS	Nil
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 Major Projects and Finance Committee to consider the guiding principles that should be used by the City to evaluate financial sustainability.

EXECUTIVE SUMMARY

The City has used Guiding Principles to assist with the formation of the Strategic Financial Plan since 2009. This included three key ratios which did not provide an adequate overall assessment of the City's financial health. It is therefore proposed to introduce a wider set of eight indicators that can be used to calculate an overall score and give the Community and Elected Members a much broader assessment of the City's financial sustainability.

It is proposed to use these new indicators from 2023 and these indicators should be used to provide a more informed ongoing evaluation of financial sustainability which guides the budget process from now on. In addition, the Committee are invited to propose any other supplementary financial indicators. It must be emphasised that the financial indicators should not necessarily drive decision making at every level but are intended to provide an overall guide for financial sustainability that can be evaluated and reported on.

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

- 1 NOTES the Revised Financial Sustainability Guiding Principles;*
- 2 NOTES the proposed primary and secondary indicators;*
- 3 NOTES that the primary and secondary indicators will be used to calculate an overall "Financial Sustainability Indicator" and this will be used as a reference point throughout the budget process;*
- 4 INVITES the Major Projects and Finance Committee to propose any supplementary indicators and targets;*
- 5 NOTES that the Financial Sustainability Guiding Principles will be reviewed each year prior to the commencement of the annual budget process.*

BACKGROUND

Existing Guiding Principles

The City introduced guiding principles in 2009 to help with the formation and update of the *Strategic Financial Plan* (SFP). The principles have been reviewed each year since 2009 and are normally reviewed as part of the annual update of the SFP. The most recent version of the guiding principles was noted by Council in October 2022 (CJ180-10/22 refers).

The guiding principles include three key ratios that are intended to provide an assessment of the City's financial sustainability, the ratios included are as follows:

- Operating Surplus Ratio.
- Asset Sustainability Ratio.
- Debt Service Coverage Ratio.

While it was well-intended to only have three key ratios these do not provide an adequate measure of the City's financial health. Two of the ratios are consistently below the threshold (operating surplus ratio and asset sustainability ratio) whereas the City is in good financial health because it generates surplus operating cash and is able to fund its renewal program and some upgrade/new works. Furthermore, the only ratio that is regularly considered as part of the budget process is the operating surplus ratio, the other two ratios are rarely discussed.

It is therefore worthwhile to consider what indicators would provide a more realistic measure of the City's financial sustainability which this report addresses.

Statutory Ratios and recent changes

In 2012 the Department of Local Government introduced seven financial ratios that were required to be included in the annual financial report and audited. These seven ratios also failed to provide an adequate measure of the City's financial health, or indeed most of the industry. In 2015 the Department then introduced a "Financial Health Indicator" (FHI), this was an overall score of a local government based on a weighted average of the seven ratios. The FHI is recognised as a useful concept, even though the seven ratios have significant shortcomings.

Since 2020, WALGA have coordinated a Ratios Advisory Group, which includes the Department, the Auditor General, Western Australian Treasury Corporation and nominated Councils (including officers from the City of Joondalup). Some of the recommendations have already been implemented, most notably the removal of the seven ratios from the annual audited accounts.

The Advisory Group have proposed that four ratios should be calculated for each local government and these should be used within a revised FHI. The City supports these four ratios and it is vital for consistency to the industry that these four ratios are considered in the City's revised Financial Sustainability Guiding Principles.

Any local government has the flexibility to prepare any set of financial ratios that it considers appropriate, so the City is not bound to only those four ratios. Indeed there are dozens of other indicators that the City can use if necessary.

DETAILS

City's Financial Strategy

Before going into detail on key ratios it is vital for the City to be clear on its financial strategy, this is defined as follows:

- Sufficient (not excessive) operating cash surpluses.
- Capital Works Program, excluding major projects, is affordable (no more than \$20.5 million):
 - maintain/renew existing assets, if still required
 - upgrade and New but affordable.
- Reduce over-reliance on grants.
- Major projects - Income generation and cost reduction.
- Reserve funds available (but not excessive).
- Debt – use debt where appropriate, repayments are affordable.

Key requirements of financial indicators

The key purpose of the revised indicators are as follows:

- Meaningful.
- Guide (not mandate) the City as part of the annual update of:
 - Budget.
 - Strategic Financial Plan.
- Score - prepare an overall score (the “Financial Sustainability Indicator”).
- Reported (within annual financial report).

The point above about the indicators being a GUIDE is crucial. It is reasonable to fail the thresholds for one reason or another, but as long as there is an understanding as to the causes.

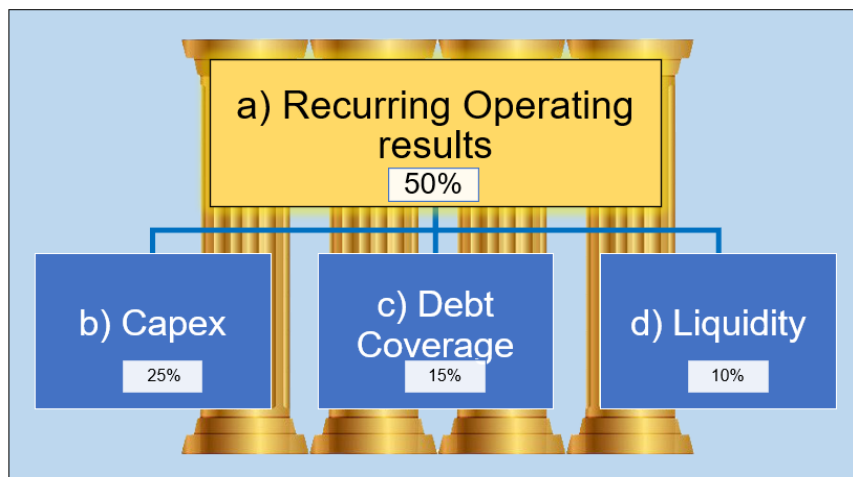
Key pillars

Before listing the key indicators, it is worthwhile to consider the four key pillars of financial sustainability as shown on the chart below:

- a) Recurring operating results – sufficient cash generated by day to day operations. This is the most important pillar because if this is achieved it supports the other three pillars.
- b) Capex – affordability of capital expenditure for renewals and approved upgrade/new.
- c) Debt coverage – ability to repay borrowings.
- d) Liquidity – this is crucial for all businesses, but for the City this is a guaranteed.

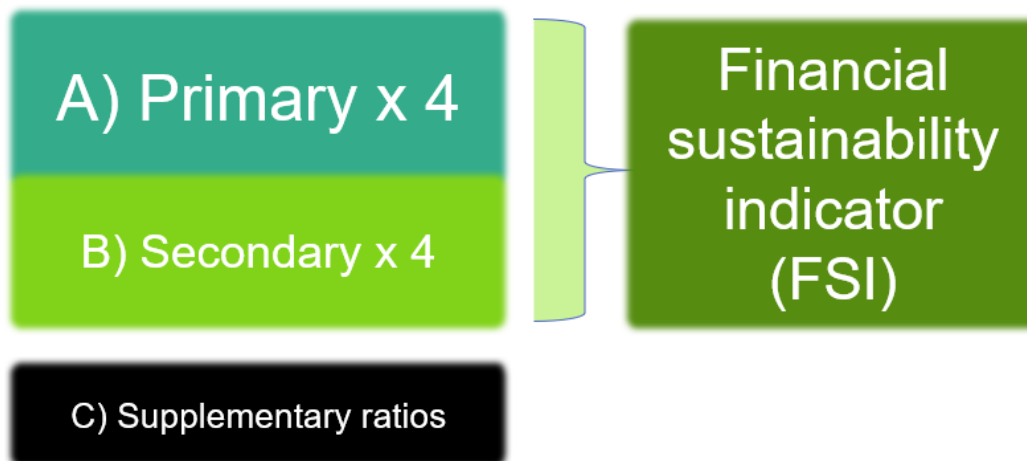
Note that asset management indicators are not considered to be financial sustainability indicators and are no longer proposed as part of the updated guiding principles. The chart below has percentage values beside each of the pillars which indicates the proposed weighting, this will be explored in more detail later.

4 Key Pillars of Financial Sustainability



How many indicators are required to define financial sustainability?

Firstly, it is important to emphasise that every available financial indicator has some shortcomings, so it is proposed that for each pillar that there is a Primary indicator which is then supported by a Secondary indicator. Secondly, it is also important to keep the number of indicators less than 10 because if there are too many then the weightings applied for each are diluted. It is therefore proposed that the overall measure of financial sustainability, as used to calculate the Financial Sustainability Indicator has eight indicators. However, there may also be any number of supplementary indicators that the Committee sets as shown on the chart below.



Primary and Secondary Indicators – proposal by the City

The Committee are invited to suggest any primary and secondary indicators that they believe should form part of the overall FSI. As a starting point the City has proposed eight indicators as shown below.

<u>Key Indicators used to assess Financial Sustainability</u>			
<u>Pillar</u>		<u>Primary Indicator</u>	<u>Secondary Indicator</u>
Operating	→ (1)	Operating Surplus Cash vs Target	(2) Operating Surplus Ratio
Capital	→ (3)	Actual asset renewals versus renewals at EOL (end of life)	(4) CWP - upgrade & new versus Operating income
Debt	→ (5)	Debt Service Coverage Ratio	(6) Net Financial Liabilities Ratio
Liquidity	→ (7)	Current Ratio	(8) Untied Reserves vs Rates revenue

Benchmark / Key targets

Each indicator should have meaningful targets as follows:

- Benchmark score.
- High (ceiling).
- Low (floor).

Local Governments should not necessarily be achieving excessive financial results, so the ideal score is the Benchmark, not necessarily the ceiling.

It is proposed that each indicator should be scored from 0 to 10 as shown below. This mechanism was used by the Department as part of the FHI and is considered appropriate.

- Benchmark = 7 out of 10
- Floor = 0
- Ceiling = 10.

Indicators which are between 0 to 7 or 7 to 10 are scored proportionally.

In terms of establishing the targets this is at the City’s discretion. Firstly, for the four ratios proposed by the WALGA advisory group (Ratio 2, 5, 6 and 7) it is proposed to use the same thresholds proposed. For the other four ratios the City has proposed the following thresholds:

Proposed targets for Primary and Secondary Targets 2023

The table below summarises the proposed targets for 2023

		Targets 2023		
		Floor (min) 0	Benchmark / Target 7	Ceiling (max) 10
(1) Operating Surplus Cash vs Operating Income	%	15%	20%	25%
(2) Operating Surplus Ratio	%	-5%	0%	2%
(3) Actual asset renewals versus renewals at EOL (end of life)	%	85%	97%	110%
(4) CWP - upgrade & new versus Operating surplus cash	%	25.0%	21.0%	10.0%
(5) Debt Service Coverage Ratio	Ratio	1.5	2.0	4.0
(6) Net Financial Liabilities Ratio	Ratio	1.0	0.7	0.5
(7) Current Ratio (quick assets)	Ratio	0.9	1.0	1.5
(8) Untied Reserves vs Rates revenue	%	25%	50%	75%
Financial Sustainability Indicator (FSI)	Value	60	70	100

Weightings

To enable the eight indicators to be brought together into an overall Financial Sustainability Indicator, it is necessary to apply weightings to the eight indicators. There are two steps to this:

Step 1 – assess the weighting of each of the four pillars:

- 1) Operating 50% - most important. Achievement of operating indicators feeds the other three pillars.
- 2) Capital 25% - spending the appropriate amount on capital is vital.
- 3) Debt 15% - sufficient coverage of debt repayment is a key test.
- 3) Liquidity 10% - it is important, but the ratios are a continual pass, so not as meaningful.

Step 2 – allocate the weighting within each pillar between Primary and Secondary. This is shown in the table below, together with the overall combined proposed weighting:

Pillar & Weight	Indicator	Importance	%	Share of 100%
Operating 50% →	(1) Operating Surplus Cash vs Target	Primary	80%	40.0%
	(2) Operating Surplus Ratio	Secondary	20%	10.0%
Capital 25% →	(7) Actual asset renewals versus renewals at EOL (end of life)	Primary	67%	16.7%
	(8) CWP - upgrade & new versus Operating income	Secondary	33%	8.3%
Debt 15% →	(5) Debt Service Coverage Ratio	Primary	50%	7.5%
	(6) Net Financial Liabilities Ratio	Primary	50%	7.5%
Liquidity 10% →	(3) Current Ratio	Primary	75%	7.5%
	(4) Untied Reserves vs Rates revenue	Secondary	25%	2.5%

Issues and Options considered

Supplementary indicators

The City can nominate any other supplementary indicator that it would like monitor and set a target for. Some potential examples are as follows:

- Employee costs as percentage of rates income.
- FTEs (per ratepayer).
- Rates increases versus CPI.
- Rates recovery.
- Quick ratio.
- Own source revenue.
- Grants as percentage age of income.
- Growth in operating income.
- Creditors turnover.
- Outstanding rates ratio.

Options

Council has the option to:

- retain the previous guiding principles
- adopt the new guiding principles 2023, and accept the City's proposals for primary and secondary indicators
or
- adopt the new guiding principles 2023 but propose alternative indicators as primary and secondary.

Legislation / Strategic Community Plan / policy implications

Legislation Section 5.56(1) of the *Local Government Act 1995* provides that:

"A local government is to plan for the future of the district."

10-Year Strategic Community Plan

Key theme Leadership.

Outcome: Responsible and financially-sustainable - you are provided with a range of City services which are delivered in a financially responsible manner.

Policy *Strategic Financial Plan – Guiding Principles.*

Risk management considerations

The introduction of a wider set of indicators to evaluate financial sustainability will provide a more encompassing measure than previous measures.

Financial / budget implications

It is proposed to use the revised guiding principles and indicators within the 2023 budget process.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

Capital Works Program, excluding Major Projects

Indicators 3 and 4 relate to the Capital Works Program, excluding major projects. The thresholds proposed align with the \$20.5 million target included in the 2022 SFP. This threshold was established as it is the maximum affordable value based on the City's operating projections and the potential implementation of all major projects but is much lower than the circa \$27 million being spent in recent years. The \$20.5 million target will not allow the City to keep doing what it has been doing in previous years.

Indicators 3 and 4 are intended to encourage the following:

- Limiting early renewals to only situations they cannot be avoided.
- Upgrade/new should ideally not result in early renewals.
- Renewals should not ideally drive upgrade/new unless deemed necessary.
- Capital expenditure is the key metric (not funding).

These levers are well-intended financial levers but it must be acknowledged they do not necessarily align with asset management principles. There are situations where capacity increases, changing behaviours or modified standards require early renewals or upgrades. Indicators 3 and 4 will therefore be the most challenging indicators and at this point it has to be emphasised again that all indicators are a guide only with improvement being more important than achieving the threshold.

There is a distinction between financial management and asset management. There is a risk that well-intended financial management may lead to sub-optimal behaviours in asset management, as follows:

- Early renewals that should obviously be undertaken because there are upgrade/new works being undertaken, but the renewal element is not undertaken so as to achieve the financial ratio.
- Grant opportunities not taken up because it may lead to early renewals or upgrade/new.
- Capacity to undertake works (for example smoothing) is not taken up because of fear of not achieving the financial ratio.

Indicator 3 includes as a denominator the assets due at end of life, but that definition needs to have some discretion. It is unreasonable to take the definition of assets at end of life as being the exact day of the end of the life on the asset register, or indeed the same year. If an asset intended for 40-years is failing to provide service to the community after 30-years, then it may legitimately be considered to be at the end of its useful. The initial ceiling that was going to be proposed for Indicator 3 was 100% (such as if more assets are renewed than are at end of life, then score zero points) but due to several of the uncertainties listed above the threshold is proposed for 110%.

Indicator 4 compares upgrade/new expenditure (excluding major projects) versus operating cash surplus. If Council went to spend more on upgrade/new expenditure, and stay within the prescribed threshold, then it could consider measures to increase operating cashflow (for example increased rates income and/or less operating expenses).

Indicators 3 and 4 are financial ratios and not asset management ratios. Indicators 3 and 4 are deliberately focused on capital expenditure values. Asset management plans may include separate traditional asset ratios such as the Asset Sustainability Ratio or Asset Renewal Funding Ratio. Where the Financial Management and Asset Management indicators do not align, then Council will be required to make a decision as to how to proceed.

Major projects

Major projects do not have their own financial indicators because the recurring whole-of-life impacts are adequately included in indicators 1 and 2 (recurring operating expenses, operating income, depreciation, cost of borrowings, etc.). As mentioned previously it is important to have a relatively small amount (ideally no more than eight) primary and secondary indicators otherwise the weightings become too small for each.

Indicators 3 and 4 as explained earlier relate only to the Capital Works Program, excluding major projects – this is important for Indicators 3 and 4 because the values from one year to the next for major projects are volatile so it would be cumbersome to establish reliable thresholds for Indicators 3 and 4. The key issue that needs to be considered is how the City compares or prioritises the benefits of major projects versus the benefits of upgrade/new projects.

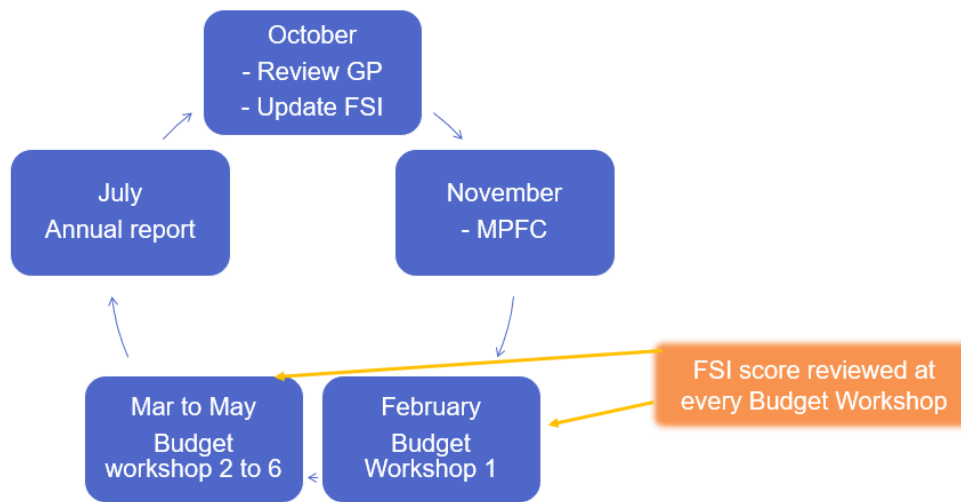
The early renewal generated by the implementation of Major Projects will not be included in the renewal ratio. The volatility generated by including Major Projects would make it impossible to track and monitor any trend that emerges. Further, the impact on the City's existing assets (usually an asset write off) is considered in the Business Case for any Major Project and does not need to be duplicated in this ratio.

Annual process

It is proposed that the process of reviewing the Financial Sustainability Guiding Principles is an annual process, which includes the following key components:

- Continual.
- Reported.
- Reviewed.
- Embedded into budget process.

The chart below shows the proposed annual process:



Once the Financial Sustainability Guiding Principles 2023 have been finalised, the financial indicators will be calculated for the last five years and next 10 years. These will be summarised into an overall scorecard, including the FSI and will be presented and referred to through the budget workshop process.

Guiding not Mandatory

It is not intended that the targets of the financial indicators must be achieved at all costs. The indicators are merely part of guiding principles and **not mandatory** principles. It is at Council's discretion how the budget is set and whether there is variation to the targets. For example there could be some additional upgrade/new projects within the Capital Works Program which Council were intent on budgeting, and those projects would result in the expenditure failing indicator 4 – it would be incumbent upon the City though to provide adequate information to explain that this would breach the threshold and would reduce the Financial Sustainability Indicator.

Disclaimer

The proposed indicators and targets for 2023 are the first year of the new Financial Sustainability Guiding Principles. As these are used and referred to through the budget process 2023 (or future processes) it may be necessary to refine the thresholds, remove indicators or add new indicators (but ideally not too many otherwise the weightings are diluted). Therefore, the indicators should not necessarily remain fixed.

VOTING REQUIREMENTS

Simple Majority.

OFFICER'S RECOMMENDATION

That the Major Projects and Finance Committee:

- 1 NOTES the Revised Financial Sustainability Guiding Principles;
- 2 NOTES the proposed primary and secondary indicators;
- 3 NOTES that the primary and secondary indicators will be used to calculate an overall "Financial Sustainability Indicator" and this will be used as a reference point throughout the budget process;
- 4 INVITES the Major Projects and Finance Committee to propose any supplementary indicators and targets;
- 5 NOTES that the Financial Sustainability Guiding Principles will be reviewed each year prior to the commencement of the annual budget process.

Cr Poliwka entered the room at 7.45pm.

The Manager City Projects left the room at 7.46pm and returned at 7.48pm.

Cr May left the room at 7.49pm and returned at 7.53pm.

PROCEDURAL MOTION – THAT THE ITEM BE REFERRED

MOVED Mayor Jacob, SECONDED Cr Raftis that Item 8 - Financial Sustainability Guiding Principles 2023 BE REFERRED to a future Strategy Session to allow further discussion.

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Cr Logan, Mayor Jacob, Crs Fishwick, Hill, Kingston, May and Raftis.

ITEM 9 SETTING OF MEETING DATES 2023 - MAJOR PROJECTS AND FINANCE COMMITTEE

WARD	All
RESPONSIBLE DIRECTOR	Mr Jamie Parry Governance and Strategy
FILE NUMBER	107023, 02153, 101515
ATTACHMENTS	Attachment 1 Proposed Committee meeting dates schedule 2023
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 the Major Projects and Finance Committee to consider the proposed schedule of committee meeting dates for 2023.

EXECUTIVE SUMMARY

In order to assist with forward planning for all Elected Members, management and staff, a schedule of meeting dates has been prepared for the Major Projects and Finance Committee, ensuring synergy between meeting dates and the flow of information and decision-making.

It is therefore recommended that the Major Projects and Finance Committee ADOPTS the meeting dates and times for the Major Projects and Finance Committee of the City of Joondalup to be held at the Joondalup Civic Centre (Conference Room 1), Boas Avenue, Joondalup:

- 1 *Monday 20 March 2023, commencing at 6.00pm;*
- 2 *Monday 1 May 2023, commencing at 6.00pm;*
- 3 *Monday 14 August 2023, commencing at 6.00pm.*

BACKGROUND

The former Major Projects Committee was merged with the Finance Committee at the Special Council meeting held on 6 November 2017. The role of the established Major Projects and Finance Committee is to:

- oversee the progress of the City's annual capital works program and review of the City's *Five Year Capital Works Program*
- make recommendations to Council on modifications of capital works projects and major strategic capital projects
- make recommendations to Council on various elements of major strategic capital projects, including but not limited to:

- project scope
- design elements and core project components
- development models and financial structures
- on-going management and utilisation models
- make recommendations to Council on the services to be provided by the City and the standards of service delivery being cognisant of industry best practice
- oversee the City's financial management activities, funding proposals and long-term strategic financial planning
- make recommendations to Council on reviews and impacts on the City's *10 Year Strategic Financial Plan*.

The proposed schedule of Council meeting dates is based on a revised monthly meeting format recently adopted by Council with Strategy Sessions held on the first Tuesday of each month, Briefing Sessions held on the second Tuesday and Council Meetings on the fourth Tuesday.

This enables committee meetings to be scheduled on the Monday, or Wednesday of weeks one, two, three or four so to minimise potential conflicts with other Council activities.

DETAILS

The Major Projects and Finance Committee will oversee the progress of a variety of landmark projects within the City of Joondalup. Meetings of this committee may need to be held on an 'as-needs' basis, due to the nature and timing of decisions needed for these significant projects. However, to ensure ongoing progress reports are provided to elected members and enable timely decisions to be made, it is suggested the Major Projects and Finance Committee meets bi-monthly, on the Monday of the first or second week of the month.

It is therefore suggested that the Major Projects and Finance Committee meets as follows:

2023

- Monday 20 March 2023
- Monday 1 May 2023
- Monday 14 August 2023.

Issues and options considered

The Major Projects and Finance Committee can either:

- adopt the meeting dates as proposed in this Report
- or
- amend the meeting dates.

Legislation / Strategic Community Plan / Policy implications

Legislation

Local Government Act 1995.
Local Government (Administration) Regulations 1996.
City of Joondalup Meeting Procedures Local Law 2013.

10-Year Strategic Community Plan

Goals Leadership.

Outcome Capable and effective – you have an informed and capable Council backed by a highly-skilled workforce.

Engaged and informed – you are able to actively engage with the City and have input into decision-making.

Policy Not applicable.

Risk management considerations

Should forward planning of committee meetings not be identified, then there is a risk for meetings to be held on an ad-hoc basis, lacking coordination with other key meetings and corporate planning processes.

Financial / budget implications

Not applicable.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

The proposed dates for the Major Projects and Finance Committee have been based around the Council Meeting dates, Briefing Sessions and Strategy Sessions for 2023 and are cognisant of other committee meeting dates.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Hill, SECONDED Mayor Jacob that the Major Projects and Finance Committee ADOPTS the following meeting dates and times for the Major Projects and Finance Committee of the City of Joondalup to be held at the Joondalup Civic Centre (Conference Room 1), Boas Avenue, Joondalup:

- 1 Monday 20 March 2023, commencing at 6.00pm;**
- 2 Monday 1 May 2023, commencing at 6.00pm;**
- 3 Monday 14 August 2023, commencing at 6.00pm.**

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Cr Logan, Mayor Jacob, Crs Fishwick, Hill, Kingston, May and Raftis.

Appendix 6 refers

To access this attachment on electronic document, click here: [Attach6MPFC221128.pdf](#)

Disclosures of Interest affecting Impartiality

Name / Position	Cr John Logan.
Item No. / Subject	Item 10 - 2022-23 Capital Works Program Update.
Nature of Interest	Interest that may affect impartiality.
Extent of Interest	A member of Cr Logan's family is a member of the Goollelal Greenwood Scouts who will benefit from the refurbishment work on Greenwood Scout Hall.

Name / Position	Cr Russ Fishwick, JP.
Item No. / Subject	Item 10 - 2022-23 Capital Works Program Update.
Nature of Interest	Interest that may affect impartiality.
Extent of Interest	Cr Fishwick is the Vice Patron of Sorrento Surf Life Saving Club and Senior Assessor for Surf life Saving WA.

ITEM 10 2022-23 CAPITAL WORKS PROGRAM UPDATE

WARD	All
RESPONSIBLE DIRECTOR	Mr Nico Claassen Infrastructure Services
FILE NUMBER	107023, 101515
ATTACHMENTS	Attachment 1 Capital Works Project Report 2022-23 Attachment 2 Capital Project Status Reports 2022-23
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 *2021-22 Capital Works Program* and the project status reports for identified capital works projects.

EXECUTIVE SUMMARY

The capital works project report for the 2022-23 program as at 31 October 2022 is attached (Attachment 1 refers).

At its meeting held on 26 July 2022 (Item 6 refers), the Major Projects and Finance Committee identified capital works projects requiring additional milestone reporting (Attachments 2 refers).

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

- 1 the report on the Capital Works Projects for 2022-23 as at 31 October 2022 forming Attachment 1 to this Report;*
- 2 the Capital Project Status Reports for 2022-23 as at 31 October 2022 forming Attachment 2 to this Report.*

BACKGROUND

At its meeting held on 1 November 2021 (JSC02-11/21 refers) Council resolved, in part as follows:

“That Council:

“1 BY AN ABSOLUTE MAJORITY ESTABLISHES a Major Projects and Finance Committee, with the role being to:

1.1 oversee the progress of the City’s annual capital works program and review of the City’s Five-Year Capital Works Program;

1.2 make recommendations to Council on modifications of capital works projects and major strategic capital projects;”

At its meeting held on 28 June 2022 (CJ104-06/22 refers), Council adopted the *2022-23 Capital Works Program* as part of its 2022-23 Budget, along with the *City’s Five Year Corporate Business Plan* (CJ093-06/22 refers).

At its meeting held on 26 July 2022 (Item 6 refers), the Major Projects and Finance Committee considered several projects that had been identified from the *2022-23 Capital Works Program* for additional milestone reporting as listed in the table below:

Project Code	Project Description
RDC2027	Joondalup Drive/Hodges Drive Intersection Upgrade
FPN2299	Hillarys Cycle Network Expansion
BCW2595	Christchurch Park Changeroom Refurbishment
BCW2625	Ocean Reef Park Toilets and Changerooms
BCW2640	Percy Doyle Football/Teeball Clubrooms
BCW2650	Sorrento Football Club Changeroom Upgrade
BCW2669	Greenwood Scout Hall Refurbishment
MPP2050	Craigie Leisure Centre Refurbishment
MPP2058	Chichester Park Clubroom Redevelopment
MPP2074	Multi-Storey Car Park – 104 McLarty Avenue
MPP2076	Sorrento Surf Life Saving Club Redevelopment
MPP2077	Café/Kiosk/Restaurant Burns Beach
MPP2080	Burns Beach Coastal Node Redevelopment
PEP2791	Ocean Reef Park Playspace Renewal
PDP2222	Ocean Reef Park LMP
PDP2354	Killen/Sycamore Amenity Upgrades
PDP2355	Padbury N/E Cluster Pk Revitalise

The Committee requested that additional milestone reporting on the capital works projects identified above be provided to the Committee.

DETAILS

The capital works project report for the 2022-23 program as at 31 October 2022 is provided in Attachment 1.

A summary of the projects and their current status is detailed in the Capital Project Status 2022-23 as at 31 October 2022 forming Attachment 2 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 Major Projects and Finance Committee may only recommend to Council to approve or modify capital works projects.

10-Year Strategic Community Plan

Key theme Leadership.

Outcome Accountable and financially-sustainable - you are provided with a range of City services which are delivered in a financially responsible manner.

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 reports provide an update on the activities undertaken.

VOTING REQUIREMENTS

Simple Majority.

The Manager City Projects left the room at 8.04pm.

Mayor Jacob left the room at 8.05pm.

The Acting Director Governance and Strategy left the room at 8.06pm and returned at 8:07pm.

MOVED Cr Fishwick, SECONDED Cr Logan that the Major Projects and Finance Committee NOTES:

- 1 the report on the Capital Works Projects for 2022-23 as at 31 October 2022 forming Attachment 1 to this Report;**
- 2 the Capital Project Status Reports for 2022-23 as at 31 October 2022 forming Attachment 2 to this Report.**

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr Logan, Crs Fishwick, Hill, Kingston, May and Raftis.

Appendix 7 refers

To access this attachment on electronic document, click here: [Attach7MPFC221128.pdf](#)

URGENT BUSINESS

Nil.

MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil.

REQUESTS FOR REPORTS FOR FUTURE CONSIDERATION

Cr Raftis requested the CEO prepare a report providing an update to the Major Projects and Finance Committee on the progress of the Pinnaroo Point project, including:

- all costs to date escalated to 2022 values
- the inclusion of all costs including the carpark upgrades at that location and the utilities upgrades
- an update on contract timelines and whether they are being met for example Liquor licence and the like.

CLOSURE

There being no further business, the Presiding Member declared the meeting closed at 8.18pm the following Committee Members being present at that time:

CR JOHN LOGAN
CR ADRIAN HILL
CR DANIEL KINGSTON
CR CHRISTOPHER MAY
CR RUSS FISHWICK, JP
CR JOHN RAFTIS