

minutes

Strategic Financial Management Committee

MEETING HELD ON **MONDAY, 3 DECEMBER 2012**

TABLE OF CONTENTS

Item	Title	Page
	Declaration of Opening	3
	Apologies/Leave of Absence	3
	Confirmation of Minutes	4
	Announcements by the Presiding Member without discussion	4
	Declarations of Interest	4
	Identification of matters for which the meeting may sit behind closed doors	4
	Petitions and deputations	4
	Reports	5
1	Confidential - Disposal of Six City Freehold Lots - Sales Strategy	5
2	Multi Storey Car Park Business Case	7
3	Confidential - Detailed Report on the Proposed Disposal of Lot 977 (15) Burlos Court, Joondalup	23
	Motions of which previous notice has been given	25
	Requests for Reports for future consideration	25
	Closure	25

CITY OF JOONDALUP

MINUTES OF THE STRATEGIC FINANCIAL MANAGEMENT COMMITTEE MEETING HELD IN CONFERENCE ROOM 2, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON MONDAY, 3 DECEMBER 2012.

ATTENDANCE

Committee Members:

Cr Mike Norman *Deputy Presiding Member*
Mayor Troy Pickard
Cr Brian Corr *Deputising for Cr John Chester*
Cr Russ Fishwick, JP
Cr Tom McLean, JP
Cr Sam Thomas

Officers:

Mr Garry Hunt Chief Executive Officer
Mr Mike Tidy Director Corporate Services
Mr Blignault Olivier Manager City Projects
Mr Brad Sillence Manager Governance
Mr Alan Ellingham Senior Financial Analyst *until 5.56pm*
Mrs Gwen Boswell Acting Senior Property Officer
Mrs Deborah Gouges Governance Officer

DECLARATION OF OPENING

The Deputy Presiding Member declared the meeting open at 5.08pm.

APOLOGIES/LEAVE OF ABSENCE

Apologies

Cr Geoff Amphlett, JP.
Cr John Chester.

Leave of Absence previously approved

Cr Teresa Ritchie 27 November to 4 December 2012 inclusive.

CONFIRMATION OF MINUTES

MINUTES OF THE STRATEGIC FINANCIAL MANAGEMENT COMMITTEE MEETING HELD ON 24 OCTOBER 2012

MOVED Cr McLean, SECONDED Mayor Pickard that the minutes of the meeting of the Strategic Financial Management Committee held on 24 October 2012 be confirmed as a true and correct record.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr Norman, Mayor Pickard, Crs Corr, Fishwick, McLean and Thomas.

ANNOUNCEMENTS BY THE PRESIDING MEMBER WITHOUT DISCUSSION

Nil.

DECLARATIONS OF INTEREST

Nil.

IDENTIFICATION OF MATTERS FOR WHICH THE MEETING MAY SIT BEHIND CLOSED DOORS

In accordance with Clause 76 of the City's *Standing Orders Local Law 2005*, this meeting was not open to the public.

PETITIONS AND DEPUTATIONS

Nil.

REPORTS

ITEM 1 CONFIDENTIAL - DISPOSAL OF SIX CITY FREEHOLD LOTS - SALES STRATEGY

WARD: All

**RESPONSIBLE
DIRECTOR:** Garry Hunt
Office of the Chief Executive Officer

FILE NUMBER: 62637, 101515

ATTACHMENTS:

Attachment 1	Lot 200 (18) Quilter Drive, Duncraig and Lot 766 (167) Dampier Avenue, Kallaroo
Attachment 2	Lot 202 (20) Kanangra Crescent, Greenwood and Lot 147 (25) Millport Drive, Warwick
Attachment 3	Lot 613 (11) Pacific Way, Beldon and Lot 671 (178) Camberwarra Drive, Craigie
Attachment 4	Summary – Property West Real Estate
Attachment 5	Summary – Ray White Commercial (Perth)
Attachment 6	Summary – Raine & Horne/Seniors Own Real Estate
Attachment 7	Summary – Real Estate Agents' Recommended Sales Method

(Please Note: These attachments are confidential and will appear in the official Minute Book only)

This report is confidential in accordance with Section 5.23(2)(h) of the *Local Government Act 1995* and regulation 4A of the *Local Government (Administration) Regulations 1996*, which also permits the meeting to be closed to the public for business relating to the following:

the determination by the local government of a price for the sale or purchase of property by the local government and the discussion of such a matter.

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

Cr Fishwick requested that Part 2.4 of Recommendation 2 be put separately:

MOVED Mayor Pickard, SECONDED Cr McLean that Council:

- 1 NOTES the contents of this Report;**
- 2 AUTHORISES the Chief Executive Officer to progress the sale by auction of the following five freehold properties with Ray White Commercial (Perth) based on the submission received on 23 October 2012:**
 - 2.1 Lot 200 (18) Quilter Drive, Duncraig;**
 - 2.2 Lot 766 (167) Dampier Avenue, Kallaroo;**
 - 2.3 Lot 202 (20) Kanangra Crescent, Greenwood;**
 - 2.5 Lot 613 (11) Pacific Way, Beldon;**
 - 2.6 Lot 671 (178) Camberwarra Drive, Craigie;**
- 3 NOTES that the auction date will take place in February 2013;**
- 4 NOTES that the reserve price for each property will be determined once updated market valuations have been undertaken.**

The Motion was Put and

CARRIED (5/1)

In favour of the Motion: Cr Norman, Mayor Pickard, Crs Fishwick, McLean and Thomas.

Against the Motion: Cr Corr.

MOVED Mayor Pickard, SECONDED Cr McLean that Council:

- 2 AUTHORISES the Chief Executive Officer to progress the sale by auction of the following freehold property with Ray White Commercial (Perth) based on the submission received on 23 October 2012:**
 - 2.4 Lot 147 (25) Millport Drive, Warwick;**

The Motion was Put and

CARRIED (4/2)

In favour of the Motion: Cr Norman, Mayor Pickard, Crs McLean and Thomas.

Against the Motion: Crs Corr and Fishwick.

ITEM 2 MULTI STOREY CAR PARK BUSINESS CASE

WARD:	North
RESPONSIBLE DIRECTOR:	Mr Mike Tidy Corporate Services
FILE NUMBER:	102400
ATTACHMENTS:	Attachment 1 Business Case for Multi Storey Car Park

PURPOSE

For Council to consider the Business Case for a Multi Storey Car Park (MSCP).

EXECUTIVE SUMMARY

The MSCP project has been considered on several occasions at the Strategic Financial Management Committee (SFMC). The attached Business Case for Multi Storey Car Park (Attachment 1 refers) has been revised to incorporate the results of a parking study undertaken as requested at the SFMC meeting on 24 October 2012. In addition the previous two options examined for the McLarty Avenue site have been reduced to one being only the option that includes a commercial component.

The Business Case indicates that a MSCP is viable particularly when considered as part of the overall City Centre parking options.

It is recommended that Council:

- 1 APPROVES the Business Case for a Multi Storey Car Park as at Attachment 1 to this Report;*
- 2 AGREES to proceed to develop a Multi Storey Car Park on the Boas Avenue site;*
- 3 REQUESTS that the Chief Executive Officer develops a project plan, detailed design and specification and a sourcing strategy for the construction of the Multi Storey Car Park on Boas Avenue.*

BACKGROUND

At its meeting held on 24 October 2012 the SFMC considered the Business Case for a Multi Storey Car Park. Three options were considered, McLarty Avenue Car Park with a commercial component, McLarty Avenue Car Park without a commercial component and Boas Avenue and Reid Promenade Car Park.

The SFMC resolved in part:

- 2 *REQUESTS the Chief Executive Officer to UNDERTAKE a parking study incorporating McLarty Avenue and Boas Avenue car parks and the findings be reported to a Special Meeting of the Strategic Financial Management Committee.*

DETAILS

A parking survey incorporating the car park locations at McLarty Avenue and Boas Avenue was undertaken in late November 2012.

Two surveys were undertaken, one focussing on individual users of the car parks at McLarty Avenue and Boas Avenue and the other focussing on the businesses identified within the target area bounded by Boas Avenue, Lakeside Drive, Shenton Avenue and McLarty Avenue.

Individuals - Parking Survey

The parking survey was undertaken by conducting in person interviews with users at the point they purchased a ticket in the car parks. The surveys took place over six working days from Wednesday 14 to Wednesday 21 November 2012. 925 Surveys were collected, 266 at Boas Avenue and 659 at McLarty Avenue.

Table 1 summarises the key questions asked of the 925 respondents, together with a summary of the responses.

Table 1 – Individual Survey – Questions, Responses and Comments

No	Question	Response	Comments
1	<u>SUBURB</u> <i>Which suburb do you live in?</i>	City of Joondalup – 381 (41%) City of Wanneroo – 343 (37%) Other – 201 (22%)	<ul style="list-style-type: none"> ○ There are more people from outside the City using the parking than from within the City of Joondalup. ○ City of Joondalup is not forecast to experience high levels of population growth in the next 20 years, however other areas, in particularly City of Wanneroo, are experiencing large growth. ○ Therefore the services that are provided within the City Centre will experience greater demand as a result. ○ This is consistent with the response from businesses, where the majority indicated a level of growth forecast in the next five years.

No	Question	Response	Comments
2	<p><u>REASON</u> What is your reason for coming into Joondalup City Centre today?</p>	<p>Boas - 91% (243) are in the City Centre due to work</p> <p>McLarty had varied reasons for using the car park</p> <ul style="list-style-type: none"> - 174 (26%) Medical / Dentist - 135 (20%) Other - 122 (19%) Banking / Financial - 115 (18%) Restaurant/Café/Pub - 113 (17%) Work 	<ul style="list-style-type: none"> ○ This data helps support views already held about the use of both Car Parks. ○ Boas Avenue is a commuter car park, where most of the tickets purchased are all-day tickets. ○ McLarty is a short stay car park and has a wider range of reasons for it being used.
3	<p><u>DISTANCE</u> How far away are you from your destination?</p>	<p>Boas - 80 (30%) of respondents were 200 metres or less</p> <p>McLarty - 544 (83%) respondents were 200 metres or less</p>	<ul style="list-style-type: none"> ○ Commuters are willing to walk longer distances for all day parking than short-stay users, from the car park to their destination.
4	<p><u>CAR PARK CHOICE</u> Why did you choose to park here today?</p>	<p>Boas Respondents</p> <ul style="list-style-type: none"> - 47 (18%) for Price - 164 (62%) Proximity - 88 (33%) Availability <p>(responses add up to more than 100% as there were multiple answers from some respondents)</p> <p>McLarty respondents</p> <ul style="list-style-type: none"> - 4 (0.6%) Price - 478 (73%) Proximity 	<ul style="list-style-type: none"> ○ Proximity to destination is clearly the main driver.
5	<p><u>PRICE SENSITIVITY</u> On a scale of 1 to 5, how significant is the cost of parking in your decision of where to park?</p>	<p>Responses from both car parks were broadly similar, the combined responses (where 1 is not significant and 5 is very significant) are:-</p> <ol style="list-style-type: none"> 1. 116 (13%) Not significant 2. 124 (14%) 3. 194 (21%) 4. 120 (13%) 5. 359 (39%) Very Significant 	<ul style="list-style-type: none"> ○ Price of car parking is a sensitive issue, with many individuals and businesses preferring not to pay for parking. ○ A large number of people (40%) state that pricing is very significant to them.
6	<p><u>Number of Visits per week</u> How often do you usually come into Joondalup City Centre?</p>	<p>Boas responded with:-</p> <ul style="list-style-type: none"> 188 (71%) – more than 4 times 58 (22%) – 2 to 4 times a week <p>McLarty respondents:-</p> <ul style="list-style-type: none"> 140 (21%) – more than 4 times 253 (39%) – 2 to 4 times a week 128 (20%) – once a week 135 (20%) – less frequently 	<ul style="list-style-type: none"> ○ Results are consistent with other responses

No	Question	Response	Comments
7	<p><u>MULTI STOREY CAR PARK</u> <i>If the City were to construct a multi-storey car park at this location, would you still park here?</i></p>	<p>Boas – 253 (96%) said YES McLarty – 547 (84%) said YES</p>	<ul style="list-style-type: none"> ○ Both car parks provided a very strong response to this question, a combined response of 88%. ○ Boas response is stronger than McLarty which is probably due to the nature of the car park i.e. commuters will be keen for a space, even if it means a MSCP, whereas short-term users want as much convenience as possible, and having to go into a MSCP (and use lifts, etc.) may be seen as inconvenient. ○ The Boas response is important in consideration of the income projections as the response tells us that there is more confidence / certainty in the use of Boas as a MSCP than McLarty.

A significant observation during the parking survey was that Boas Avenue car park is usually full by approximately 8.30am each day. There are some limited movements thereafter with some cars leaving and other cars filling the space. On two days of the parking survey, a count was undertaken of the number of vehicles that entered Boas Avenue car park looking for a space but were unable to find one. The count revealed that on:

- Friday 16 November – 72 vehicles entered between 9.00am and 2.00pm and did not find a space;
- Wednesday 23 November – 83 vehicles entered between 8.30am and 12.00pm and were unable to obtain a space.

This suggests that if Boas Avenue currently had 200 bays it would be filled. The comments received in the survey also suggest many people are aware that Boas Avenue is usually full early and may not bother to look after a certain time. Potentially there is latent demand not being catered for.

Businesses - Parking Survey

The parking survey was undertaken by hand delivering hard copy surveys to local businesses. They were then personally collected from each business.

The parking survey took place over 10 working days, from Wednesday 14 to Tuesday 27 November 2012. 217 businesses were located in the target area. The City was unable to contact 17 of them, mostly due to irregular opening hours (e.g. Nightclubs). Businesses in the target area ranged from restaurants and cafés to small retail premises, real estate agents, financial institutions, training centres, lawyers, health professionals and other general service providers.

A high response rate of 76% was achieved, this is deemed statistically sufficient to consider the response as an accurate representation of the views. Of the eight businesses in the area who employ 30 staff or more, submissions were received from all eight of them. 141 businesses responded in total. Three businesses submitted multiple survey forms, 15 between them. This was not detected until the analysis had been completed. Only one each from these three businesses should have been included meaning that 12 additional surveys for a total of 153 have been included in the analysis.

The business parking survey asked questions in three sections covering employees, customers and MSCP.

Table 2 summarises the key questions asked of the businesses together with a summary of the responses and some comments.

Table 2 – Business Survey – Key Questions, Responses & Commentary

No	Question	Response	Commentary
Employees			
1	<u>Employee Driving Habits</u> <i>What proportion of your staff would you estimate drive a motor vehicle to work?</i>	86% (129) stated that between 81-100% of their employees drive a motor vehicle to work 14% (21) stated that less than 81% drove a motor vehicle to work	<ul style="list-style-type: none"> ○ Result is as expected as the culture for people to travel to work is mostly by vehicle. ○ However the quantity of the response is very high, and provides good context for the strength of some of the other responses and need for a MSCP.
2	<u>Employee Parking Bays</u> <i>Does your company provide parking bays for staff, and if so how many?</i>	76% said they do provide bays Approx 300 bays are provided	
3	<u>Employees Sufficient Parking</u> <i>Do you believe there is sufficient car parking available?</i>	68% said no 14% said yes 18% were not applicable	<ul style="list-style-type: none"> ○ Just over 2/3 of the responses indicate that there is insufficient car parking available for their employees. ○ This issue comes out quite strongly in the comments, see table below.
Customer			
4	<u>Customer length of stay</u> <i>How long do you think is the average length of stay for customers to your business</i>	11 - Less than 15 minutes 34 – 15 to 30 minutes 44 – 30 to 60 minutes 33 – 1 to 2 hours 16 – 2 to 4 hours 4 – all day 9 – other	<ul style="list-style-type: none"> ○ Taking account of the varied mix of businesses in the Target Area (e.g. cafes and professionals), not surprising to see a wide ranging response.

No	Question	Response	Commentary
5	<u>Customer Parking Bays</u> <i>Does your company provide parking bays for your customers?</i>	87% said they do NOT provide bays Approx 75 bays are provided	○ Very few bays provided for customers.
6	<u>Customer Sufficient Parking</u> <i>Do you believe there is sufficient car parking available?</i>	71% said no 22% said yes 7% were not applicable	○ A very high number of businesses believe that there is insufficient car parking for customers. ○ A wide number of comments provided in this area also, see below.
7	<u>Customer Growth</u> <i>Do you expect the number of customers to your business to increase over the next 5 to 10 years?</i>	36 – No - Stay the same, or decrease 56 – YES, Increase by up to 20% 35 – YES, increase by up to 50% 16 – YES, increase by up to 100% 6 – YES, other	○ A very positive response from businesses. ○ Using the question regarding how many customers each business has, the results can be further extrapolated to estimate that the number of customers could increase from approx 6,600 to approx 7,800.
Multi Storey Car Park			
8	<u>Location of MSCP</u> <i>In your opinion, if a multi-storey car park was constructed in either location, would this be used by your staff & customers?</i>	32 (21%) respondents said that NO it would not be used or were unsure. Of the remaining 79% that said YES it would be used, the location was split as follows:- 46 (30%) McLarty Avenue 60 (39%) Boas Avenue 15 (10%) Either	○ Very strong response to this question, indicating a high likelihood that a MSCP is used. ○ This is consistent with the earlier responses regarding employees and customers. ○ A higher number of businesses stated a preference for Boas Avenue than McLarty. ○ Perhaps more important though is analysing the number of employees and customers that make up the businesses, see the next section “Further Analysis” – this brings the issue out much more strongly for Boas.
9	<u>Season Ticket (annual) Bays</u> <i>Would you consider applying for an annual use of one or more designated bays?</i>	70 (57%) said No 53 (43%) said Yes In then asking for the number of bays they would be interested in, a total response of approx 200 Bays was replied	○ This question is asked without any context of price, so there would likely be a number of businesses who would change their response if further consideration was given on price i.e. the business would be charged a premium.

In regards to the question 8 above more businesses indicated Boas Avenue was preferred over McLarty Avenue, however the difference was not compelling in terms of the number of businesses. The response is further analysed by looking at the specific businesses that responded and how many customers/employees they have.

Table 3 summarises the response in regard to preferred location for a MSCP in a different way, providing a much greater difference between the two locations. It should be noted that for the purposes of this table the 12 additional surveys described above have been removed and the analysis is based on the 141 businesses who submitted surveys.

The Boas Avenue preferred location is favoured by 51 businesses (47% of total), but they employ twice as many employees as the businesses who preferred McLarty Avenue.

Table 3 – Preferred Location of MSCP – Number of Employees & Customers represented

Preferred Location, based on					
CURRENT Number of Employees & Customers	Qty of Businesses	Employees #1	Customers #1	Total	% of Total
a) Total Responses					
None & Unsure	31	115	1005	1120	15%
Either	13	355	690	1045	14%
McLarty	46	358	1470	1828	24%
Boas	51	708	2845	3553	47%
Total	141	1535	6010	7545	
b) Responses excluding "None" & "Unsure"					
Boas as a %	51	50%	57%	55%	
McLarty as %	46	25%	29%	28%	
Either	13	25%	14%	16%	
Responses excluding "None" & "Unsure"	110	100%	100%	100%	

#1 Employee & Customer numbers are estimates only, and NOT exact. The estimates are based on the assumption of the mid-point from the question asked e.g. if employees are between 11 and 20, then assume 15. For businesses over 30 employees assumed 100 employees for each of those 8 businesses

Surveys Summary – Why a Multi Storey Car Park is Needed

The parking survey has provided data to support the proposal to build a Multi Storey Car Park. The reasons are:-

- Regional population growth in north west corridor affects Joondalup (survey shows significant usage from the region);
- Business growth would benefit from MSCP. Some businesses are being stifled (and some even relocating) due to lack of car parking availability;
- Business community wants the MSCP (85%);
- Parking survey of individual users demonstrates demand (88%);
- Employees and visitors to Joondalup are experiencing difficulty conducting their business through lack of car parking.

Revised Financial Projections

The parking survey has helped refine the assumptions underlying the financial projections. Table 4 summarises the changes, and provides further explanation. These projections are over 40 years.

Table 4 – Changes to Cash Flow Projections

Changes to Cash Flow Projections		Option 1	Option 2	Differences	
		McLarty Avenue (400 bays) WITH Commercial Frontage	Boas Avenue (393 bays)	\$000s	%
A) Previous Projection	Summary Cashflows, including inflation (40 Years)	\$48,371	\$37,990	(\$10,382)	-21%
<i>Changes to Projections</i>					
Cost of Finance	Previously at 4.46%, increased to 5%	(\$1,389)	(\$823)	\$566	
Boas Season Ticket (annual) bays	Previous Projection assumed 50 by Year 5 (2019/20). Based on Parking Survey now assumed 74		\$3,739	\$3,739	
Boas Long Stay (all day) Bays	Previous Projection assumed 60 by Year 5 (2019/20). Based on Parking Survey and Boas Avenue Car Park being designated a Commuter Car Park, have now assumed 200 Long Term Bays by Year 5		\$174	\$174	
Boas Long Term (all day) Occupancy	Previous projection assumed that 80% of the Long Stay bays would be occupied by Year 5, now assumed 90% based on the Parking Survey		\$3,828	\$3,828	
Boas Short Term Occupancy	Previous projection assumed 64% by Year 5, Revised Projection assumes 60% Occupancy		(\$1,165)	(\$1,165)	
McLarty Short Term Occupancy	Previous projection assumed 80% Occupancy by Year 5, as well as high usage of the occupied bays (86%). Although growth is forecast by those businesses that would favour McLarty Avenue, the projection of 80% Occupancy is deemed overly optimistic, particularly as it would result in overall utilisation of McLarty being higher than Boas which is inconsistent with current trends	(\$6,557)		\$6,557	
B) Total Changes		(\$7,946)	\$5,752	\$13,698	
C) Revised Projections	Summary Cashflows, including inflation (40 Years)	\$40,425	\$43,742	\$3,317	8%

The projection in the previous Business Case tabled at the 24 October 2012 meeting of the SFMC showed a 21% difference between the cashflows of the two options in favour of the McLarty Avenue option. The revised projections now show a difference of 8% between the two options, in favour of the Boas Avenue option.

The changes appear to suggest a large swing in favour of Boas Avenue, however, the assumptions that underpin the changes have not changed greatly. The major contributor is the cumulative effect of these changes over the 40 year life of the project.

Table 5 summarises the overall 40 year cashflow, including inflation, for both options:

Table 5 – Summary 40 Year Cash flow summary

OPTION SUMMARY (40 Year Total, including Inflation)		<i>Opt No</i>	Opt0	Opt1	Opt2	Diff
		<i>Option Title</i>	Do Nothing - P2 & P3 continue	McLarty Avenue WITH Commercial Frontage (400 bays)	Boas Avenue (393 bays)	Opt 2 vs Opt1
One-off Expenditure & Income						
A	Capital Expenditure & one-off	\$000s		(\$26,188)	(\$19,422)	\$6,766
B	Income one-off	\$000s				
C	Borrowings & Reserve funding	\$000s		\$25,782	\$17,994	(\$7,788)
D	Surplus (Deficit) / One-off	A+B+C	\$000s	(\$406)	(\$1,429)	(\$1,023)
Recurring Expenditure & Income						
E	Funding repayments and interest	\$000s		(\$30,680)	(\$18,181)	\$12,499
F	Expenditure recurring	\$000s	(\$11,551)	(\$30,682)	(\$29,903)	\$778
G	Income recurring	\$000s	\$28,395	\$102,193	\$93,255	(\$8,938)
H	Surplus (Deficit) / Recurring	E+F+G	\$000s	\$16,844	\$40,831	\$4,339
I	Surplus (Deficit) / Total	D+H	\$000s	\$16,844	\$40,425	\$3,317
J	vs Option 1 Baseline		\$000s	\$23,581	\$26,898	\$3,317
Rankings Cashflows						
K	Ranking	<i>Rank</i>		2	1	
L	Difference to Number 1 option	\$000s		(\$3,317)		
M	Difference to Number 1 option	%		-12.3%		
N	Net Present Value	\$000s	\$6,968	\$7,419	\$11,133	\$3,713
N	Net Present Value vs Baseline	\$000s		\$452	\$4,165	\$3,713
O	Benefits / Cost Ratio	<i>Ratio</i>	-1.1	-1.1	-1.3	-0.1
P	Payback	<i>Yrs</i>	28.9	28.9	24.6	-4.3
Rankings (NPV)						
Q	Ranking	<i>Rank</i>		2	1	
R	Difference to Number 1 option	\$000s		(\$3,713)		
S	Difference to Number 1 option	%		-89.2%		

The key summary from the 40 year cash flows above are:

- Option 1, the 'Do Nothing' option, where projections are assumed to continue with paid parking at both locations, is estimated to generate a surplus of \$16,844,000.
- Option 2 has a higher overall benefit of \$43,742,000 compared to Option 1 \$40,425,000 due mostly to the lower capital costs.
- Each option is compared to the 'Do Nothing' option to calculate the incremental impacts of the project. For Option 2, the cash flows for the project itself are \$43,742,000, but when compared to the 'Do Nothing' option of \$16,844,000 the incremental impacts are \$26,898,000.
- It takes a considerable time (24 years) for Option 2 to pay back the initial investment and move into a cumulative surplus position. The Net Present Value (NPV) of \$4,165,000 for Option 2 is very low when compared to the overall cash flow benefits of \$31,527,000 as it takes such a long time to pay back.

Issues and options considered:

The previous Business Case tabled at the SFMC meeting on 24 October 2012 recommended that the MSCP be constructed at McLarty Avenue. The report stated that the income projections were high-level, and a parking study would help reduce the uncertainty of those projections. The parking survey has now been completed and has provided new data addressing a number of issues in regard to the possible location of a MSCP. This helps strengthen the case for a MSCP and in particular the case for the Boas Avenue option.

The issues are summarised in Table 6.

Table 6 – Issues addressed by the Parking Survey

Issue	Details
<p>1 Boas Car Park Awareness</p>	<ul style="list-style-type: none"> ○ The previous report indicated that an issue for the Boas Avenue Car Park is that it is not adjacent to the street, and that this potentially affects the ability to attract users. ○ This issue for Boas Avenue still exists but its impact is less than previously thought. ○ Boas Avenue Car Park is very well known to most businesses.
<p>2 Boas Car Park – users unable to get space</p>	<ul style="list-style-type: none"> ○ Friday 16th November – 72 vehicles entered between 9:00 and 2:00 and were unable to secure a bay as the car park was full. ○ Wednesday 23rd November – 83 vehicles entered between 8:30 and 12pm and were unable to obtain a space. ○ The above information suggests that if Boas Avenue currently had 200 bays it would be filled. ○ Comments received in the parking survey suggest that many people are aware that Boas Avenue is full early and may not bother to look after a certain time. Potentially there is latent demand not being catered for.
<p>3 Preferred Location</p>	<ul style="list-style-type: none"> ○ Boas Avenue is indicated more strongly than McLarty Avenue in both the individual and the business surveys ○ More importantly, the number of employees that are represented by those businesses who would use Boas Avenue is twice the number of employees of the businesses that prefer McLarty Avenue.
<p>4 Commuter Car Park or Visitor Car Park</p>	<ul style="list-style-type: none"> ○ The two locations are clearly separated in their usage, McLarty Avenue being mostly used for short-stay (medical appointments, other, banking), whilst Boas Avenue is a long-stay car park used by employees working within the City. ○ Providing long term parking for employees is more financially viable and also takes the pressure off short term parking that is used because long term is not available.

Issue	Details
<p>5 Joondalup a good place to do business</p>	<ul style="list-style-type: none"> ○ Some of the responses from the parking survey indicated that Joondalup is NOT a good place for businesses to do business due to the lack of availability of parking. ○ The parking survey suggests a level of stress being experienced by employees within the City due to the lack of off-street parking. Employees are coming in early to find parking and it is also suggested that employees are leaving businesses due to lack of parking.
<p>6 Season Ticket (Annual Bays)</p>	<ul style="list-style-type: none"> ○ An interest in an estimated 197 Season Ticket bays was indicated by the business surveys. ○ Higher number of Season Ticket bays indicated for Boas Avenue (87) than McLarty Avenue (69), with some businesses indifferent on location (51).
<p>7 Long Stay (all day) bays</p>	<ul style="list-style-type: none"> ○ Previous projections for Boas Avenue estimated 60 long-stay bays only. ○ Based on the parking survey and counting of vehicles not obtaining a space at Boas Avenue (and those parking at Neil Hawkins), the projections of Boas Avenue are now focused more on long stay income with more certainty.
<p>8 Utilisation comparisons to existing use</p>	<ul style="list-style-type: none"> ○ At present there is a significant difference in the actual utilisation achieved by both Car Parks; at McLarty Avenue the Utilisation is 61% whereas at Boas Avenue it is 93%. ○ The previous projections had MSCP utilisation at McLarty Avenue of 75% and Boas Avenue at 61% i.e. the projections were assuming that McLarty Avenue would achieve higher utilisation than Boas Avenue, even though the existing usage shows that Boas Avenue is much more highly utilised. ○ The revised projections have utilisation of 65% for McLarty Avenue and 77% for Boas Avenue, therefore still maintaining that Boas Avenue will be more highly used. The parking survey has provided sufficient data to confirm that the future income projections would be of a similar trend to the existing use and it is therefore reasonable to assume that Boas Avenue would enjoy higher utilisation than McLarty Avenue as it currently does.
<p>9 City Centre Office Development</p>	<ul style="list-style-type: none"> ○ Announcement from WA State Finance Minister has provided greater certainty on the development of a City Centre Office Building. ○ An Office Building Development will no doubt have a quantity of car parking included in the design, but unlikely that all workers would be catered for, and therefore a further need for off-street car parking. ○ Boas Avenue is a better location for the Office Development than McLarty Avenue.
<p>10 Financial Review & Risk</p>	<ul style="list-style-type: none"> ○ The financial projections now favour Boas Avenue more than McLarty Avenue and are based on the review of the data from the parking survey. ○ It is considered that the risks with the Boas Avenue projections are less than the McLarty Avenue projections, more can be done to sell commuter car bays than short-term bays (for example, offering 'early bird' prices, selling season ticket bays).

Issue	Details
11 Option Evaluation	<ul style="list-style-type: none"> ○ Business Case now includes an overall assessment, with a scoring mechanism to evaluate both options. ○ The assessment shows that Boas Avenue meets more of the requirements than McLarty Avenue.

In considering the Business Case for Multi Storey Car Park there are several options:

Option 1 - Do not to build a MSCP (either at all or at this time)

The trend of off-street car park utilisation since the inception of paid parking (reported at the SFMC on 24 October 2012) shows strong annual increases, in the case of 2011/12 to 2010/11, 19.6%. The parking survey referred to in this report also shows strong demand for increased parking both from individuals as well as businesses.

The opportunity for additional at grade parking is very limited and a MSCP is the only option for a significant increase in parking bays. A MSCP is a significant construction project requiring a long lead time of approximately two years. This needs to be considered when determining the point at which a MSCP is justified.

This option is not recommended.

Option 2 - Build a MSCP at McLarty Avenue

The previous Business Case tabled at the 24 October 2012 meeting of the SFMC recommended a MSCP at McLarty Avenue. It is clear that the market for the McLarty Avenue option is very much focussed on short term parking and is quite different to the long term parking use of the Boas Avenue option.

The parking survey has helped to demonstrate that it is the long term parking market that has the greatest demand. While feedback in the survey does highlight issues with short term parking the utilisation statistics demonstrate that there is unused capacity at McLarty. This would suggest that rather than adding to the parking capacity at McLarty, at this point greater value could be achieved by better marketing of this parking availability.

This option is not recommended.

Option 3 - Build a MSCP at Boas Avenue

The utilisation statistics have previously demonstrated that the Boas Avenue car park is very well utilised, 94.7% for 2011/12. The Business Case tabled at the 24 October 2012 meeting of the SFMC showed the Boas Avenue option was not as good a financial option as McLarty Avenue. The assumptions used in that Business Case however included a short term parking element in the Boas Avenue option despite it being acknowledged as a significant long term car park. The results of the parking survey have demonstrated strong demand for long term parking. This supports a change in the assumptions in the model for Boas Avenue, which have been summarised in Table 5 above, to significantly decrease the short term parking component in preference for long term parking and to increase the utilisation projections.

As a result of the revised assumptions for Boas Avenue the projections which in the previous Business Case showed a 21% difference between the cashflows of the two options in favour of the McLarty Avenue option now show a difference of 8% between the two options, this time in favour of the Boas Avenue option.

This option is recommended.

Legislation/Strategic Community Plan/Policy Implications

Legislation: Section 3.59 of the *Local Government Act 1995*.

Part 3 of the *Local Government (Functions and General) Regulations 1996*.

Strategic Community Plan:

Key Theme: Financial Sustainability
Quality Urban Environment
Economic Prosperity, Vibrancy and Growth

Objective: Financial Diversity
Major Project Delivery
City Centre Development
Business Capacity
Destination City

Policy

The following plans and policies have implications for the Business Case for Multi Storey Car Park:

- Joondalup City Centre Structure Plan;
- Environmentally Sustainable Design for City Buildings Policy;
- Dedicated Car Parking for Seniors and Parents with Prams Policy;
- Parking Schemes Policy;
- Setting Fees and Charges;
- Access and Equity Policy;
- Borrowing Strategy.

Risk Management Considerations:

A risk assessment has been undertaken in accordance with the City's Risk Management Framework and a Risk Register compiled as part of the Business Case. The risk assessment is addressed in section 6.3 and the Risk Register is at Appendix 7 in the Business Case for Multi Storey Car Park. The most significant risks relate to the utilisation assumptions. If these aren't achieved then the financial viability of the project is severely impacted.

Financial/Budget Implications:

The project proposes the construction of a five storey car park in Boas Avenue, providing facilities which are accessible, safe and affordable. The construction cost of the MSCP is estimated at \$19,422,000 (including inflation). This is funded partly from the Parking Reserve, \$6,665,000, with the remainder borrowed. Income would initially be expected to be low with a 46% utilisation and a starting rate of \$1.00 per hour. It is assumed that utilisation will increase to 77% by 2019/20. The price is assumed to increase by \$0.20 each year, so that by 2019/20 the rate per hour is \$1.80. Private parking bays would be encouraged where bays could be sold as a season ticket, providing exclusive annual use, and guaranteed income to the City.

On this basis the MSCP would generate an operating surplus each year (excluding the repayment of finance). By the fifth year of its opening (2019/20) an operating surplus of \$734,000 is estimated. However there would be finance costs of \$909,000, therefore resulting in an overall net loss in 2019/20 of (\$175,000). Paid parking in the rest of the City Centre in 2019/20, however, is expected to generate a surplus of over \$1.2m, more than sufficient to cover the finance costs of the MSCP.

The finance costs are spread over 20 years, with the final loan payment in 2033/34. Up until 2022/23, the net cash position each year would be a deficit. From 2023/24 to 2033/34 a small surplus is generated. From 2034/35 onwards, when there are no longer any finance costs to pay off, the project delivers a much larger annual surplus. It takes until 2036/37 (24 years) to generate adequate surpluses to pay back the investment costs and break even.

The project has been modelled over 40 years, and by 2052/53, the cumulative net cash flow benefits are estimated at \$43,742,000. The 'Do Nothing' option has also been modelled i.e. continue with the existing at-grade car park at both the sites considered, and this would provide benefits of \$16,844,000 by 2052/53. The recommended option is therefore providing incremental benefits of \$26,898,000 when compared to the 'Do Nothing' option.

Table below summarises the overall one-off costs with a comparison to the estimates currently included in the 20 Year Strategic Financial Plan. Both options are currently estimated to be above the 20 Year Strategic Financial Plan estimates.

Table 27 – Options vs Budget (20 Year Plan)

One-off costs (incl Inflation) \$m	Option 1 McLarty Avenue	Option 2 Boas Avenue
One off costs (\$m)	(\$26.1m)	(\$19.4m)
SFP	(\$17.5m)	(\$17.5m)
Variance	(\$8.6m)	(\$1.9m)
Within budget	No	No

The Boas Avenue option is \$1.9m higher than the \$17.5m in the 20 Year Strategic Financial Plan. Initial assessment of the 20 Year Strategic Financial Plan has been carried out; this additional cost can be afforded within the next update of the 20 Year Strategic Financial Plan without adverse impacts on other key ratios.

It is therefore recommended that the 20 Year Strategic Financial Plan be amended at the next update (2013) to reflect all of the cashflows of the Business Case.

Regional Significance:

The development of a MSCP facility within the Joondalup City Centre has the potential to enhance its infrastructure and assist its development as a major regional centre in the Perth Metropolitan area.

The results of the parking survey demonstrated the regional significance of the Joondalup City Centre with 544 of the 925 individual car park survey respondents from outside the City of Joondalup.

Sustainability Implications:

Development of multi storey car parks may be seen as encouraging the use of cars for transport with possible negative environmental implications.

Consultation:

There has been extensive consultation with relevant officers in relation to the various elements of the Business Case for Multi Storey Car Park. Officers have made site visits to the City of Perth and City of Fremantle. The SFMC has also considered the proposal on several occasions; the last at its meeting on 24 October 2012.

COMMENT

The information from the parking survey has enabled the City to consider in more depth the main differences in parking use and demand between the McLarty Avenue option and the Boas Avenue option.

As a result of the outcomes of the parking survey the assumptions which underpin the financial assessment of the Boas Avenue option have been revised to reduce the short term parking elements in favour of more long term parking in this model.

The projection in the previous Business Case tabled at the SFMC meeting of 24 October 2012 showed a 21% difference between the cashflows of the two options, over the 40 year life of the project, in favour of the McLarty Avenue option. The revised projections now show a difference of 8% between the two options, in favour of the Boas Avenue option. The Boas Avenue option for the site of a MSCP is the revised recommended option.

This does not mean to say that at some future point a MSCP should not be built at McLarty Avenue. The parking survey and the historical car park utilisation data demonstrates the growth in parking demand in the City Centre and a MSCP at McLarty Avenue will be viable in the future.

VOTING REQUIREMENTS

Simple Majority.

MOVED Mayor Pickard, SECONDED Cr McLean that Council:

- 1 APPROVES the Business Case for a Multi Storey Car Park as at Attachment 1 to this Report;**
- 2 AGREES to proceed to develop a Multi Storey Car Park on the Boas Avenue site;**
- 3 REQUESTS that the Chief Executive Officer develops a project plan, detailed design and specification and a sourcing strategy for the construction of the Multi Storey Car Park on Boas Avenue.**

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr Norman, Mayor Pickard, Crs Corr, Fishwick, McLean and Thomas.

Appendix 1 refers

To access this attachment on electronic document, click here: [Attach1agnSFMC031212.pdf](#)

**ITEM 3 CONFIDENTIAL - DETAILED REPORT ON THE
PROPOSED DISPOSAL OF LOT 977 (15)
BURLOS COURT, JOONDALUP**

WARD: North

**RESPONSIBLE
DIRECTOR:** Garry Hunt
Office of the Chief Executive Officer

FILE NUMBER: 63627, 101515

ATTACHMENTS: Attachment 1 Location Plan of Lot 977 (15) Burlos Court,
Joondalup
Attachment 2 Conditionally Approved Subdivision Plan for
Lot 977 (15) Burlos Court, Joondalup
Attachment 3 Legal Deed Plan

*(Please Note: These attachments are confidential and will
appear in the official Minute Book only)*

This report is confidential in accordance with Section 5.23(2)(h) of the *Local Government Act 1995* and regulation 4A of the *Local Government (Administration) Regulations 1996*, which also permits the meeting to be closed to the public for business relating to the following:

the determination by the local government of a price for the sale or purchase of property by the local government and the discussion of such a matter.

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

Á
Á

The Senior Financial Analyst retired from the Room, the time being 5.56pm.

.

MOVED Mayor Pickard, SECONDED Cr McLean that Council:

.

1 REQUESTS the Chief Executive Officer to commence negotiations with the Department of Housing on the basis:

.

1.1 The City accepts the conditional offer of \$30,000 (exclusive of GST) from the Department of Housing for the sale of 684m² of land (the driveway to the Pat Giles Centre) which is subject to the approval of the Minister for Housing;

.

1.2 The City constructs a parking area on existing Lot 976 in line in part with the existing legal agreement between the City and Department of Housing (former State Housing Commission) at an estimated cost of \$25,000;

- 1.3 The parties to the deed agree to the deed being terminated upon the conclusion of the negotiations for the disposal of the land and that the City will be released from any further obligations under the conditions of the legal deed dated 23 August 1996;
- 2 ENDORSES the following town planning processes:
 - 2.1 Subdivision of Lot 976 and 977 into three new lots:
 - 2.1.1 a 25m² lot on the northern boundary which is to be amalgamated with the existing public access way running along the northern boundary of Lot 977;
 - 2.1.2 a 684m² portion of Lot 977 (being the driveway) to be amalgamated into Lot 976 (11) Burlos Court, Joondalup;
 - 2.1.3 the remaining portion of Lot 977 (including the land upon which the existing telecommunications infrastructure is located);
 - 2.2 Rezone the remaining portion of Lot 977 from “Civic and Cultural” to “Residential R60.”;
 - 2.3 On finalisation of the rezoning, subdivide the remaining portion of Lot 977 into two new lots:
 - 2.3.1 a 284m² lot to accommodate the existing telecommunications infrastructure;
 - 2.3.2 a new lot which will be disposed of for the development of Aged Persons’ Dwellings;
- 3 ENDORSES the approach whereby the use of the new lot for Aged Persons’ Dwellings is not controlled by restricting the use of the land under *District Planning Scheme No. 2*, but by restricting the use of the land using a legal mechanism;
- 4 NOTES that investigations are continuing towards defining the optimum disposal strategy for the disposal of the remainder of Lot 977 and that a further report will be put to the Strategic Financial Management Committee on the proposed disposal strategy.

The Motion was Put and

CARRIED (5/1)

In favour of the Motion: Cr Norman, Mayor Pickard, Crs Fishwick, McLean and Thomas.

Against the Motion: Cr Corr.

MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil.

REQUESTS FOR REPORTS FOR FUTURE CONSIDERATION

Nil.

CLOSURE

There being no further business, the Presiding Member declared the Meeting closed at 6.00pm; the following Committee Members being present at that time:

Cr Mike Norman
Mayor Troy Pickard
Cr Brian Corr
Cr Russ Fishwick, JP
Cr Tom McLean, JP
Cr Sam Thomas