



HEADS OF AGREEMENT

OCEAN REEF MARINA

CITY OF JOONDALUP (City)

and

WESTERN AUSTRALIAN LAND AUTHORITY trading as
DEVELOPMENTWA (DevelopmentWA)

This document establishes the agreed principles to facilitate further discussion and negotiation pursuant to the preparation and execution of the Ocean Reef Marina Development Agreement between the City and DevelopmentWA and to support the transfer of the City's freehold and Crown managed land to the State Government.

VERSION CONTROL

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| 2.0 | 23 Nov 2020 | SPO-GH | New document - Reformatted and amended |
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| 6.0 | 21 Dec 2020 | SPO-GH | Additions relation the Business Plan process. |
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HEADS OF AGREEMENT

Date:

Parties

City of Joondalup, PO Box 21, Joondalup WA 6919 (**City**)

Western Australian Land Authority trading as DevelopmentWA (**DevelopmentWA**)

1. DEFINITIONS

In this Agreement, the expressions listed below have the following meanings:

Agree/Agrees means “in principle” agreement.

Agreement means this Ocean Reef Marina Heads of Agreement executed between the City and DevelopmentWA.

Boundary of Responsibility means the line of demarcation of management responsibilities, as agreed in principle, and shown on the plan annexed to this Agreement as **SCHEDULE 1 – Demarcation Line of Ownership**

Business Plan means the City of Joondalup plan in compliance with section 3.59 of the *Local Government Act 1995* (LG Act).

Cabinet Approval means the Ocean Reef Marina development by DevelopmentWA which was approved by the State Government in 2017.

City Crown Land means:

- (a) Crown Lot 555 (Reserve 45122) on Deposited Plan 402198 being the whole of the land comprised in Crown Land Title Volume LR3166 Folio 566; and
- (b) Crown Lot 15446 (Reserve 47831) on Deposited Plan 40340 being the whole of the land comprised in Crown Land Title Volume LR3133 Folio 571

City Lots means:

- (a) Lot 1029 on Diagram 57604
- (b) Lot 1032 on Plan 13198

Club Facility means the building, open space and parking constructed and situated on the Club Site which is envisaged to accommodate the Ocean Reef Sea Sports Club (ORSSC), Marine Rescue Whitfords (MRW), Joondalup City RSL, and potentially Marina Manager Office.

Club Site means the Site marked on the attached Concept Plan at **SCHEDULE 2** as items 11,12 and 20 which provides land for the Club Facility to be constructed.

Concept Plan means the Plan, as may be amended from time to time, provided at **SCHEDULE 4** identifying the development areas for the Project

Dev Agreement means the Ocean Reef Marina Development Agreement required pursuant to clause 7.3 of the Memorandum of Understanding (**MOU**) executed by the City and DevelopmentWA in February 2018.

Existing Leases means the following leases and licences, entered into by the City as landlord or licensor:

- (a) undated lease to the MRW in relation to part of City Crown Land Lot 15446;
- (b) undated lease to the ORSSC in relation to part of City Crown Land Lot 15446; and
- (c) access licence to Telstra Corporation Limited and dated 25 July 2016 in relation to City Crown Land Lot 15446.

Handover means, in relation to the Future City Areas:

- (a) the placement of the relevant Future City Areas with the City for care, control and management; or
- (b) subject to the terms of the Dev Agreement, the assumption of all future risk and responsibility in relation to those Future City Areas by the City.

Key Components refers to the following components of the proposed Dev Agreement that the Parties have agreed in principle:

- (a) Boundary of Responsibility
- (b) Conditions Precedent as listed in this Agreement
- (c) Future City Areas
- (d) Future City Lots
- (e) Upkeep Responsibility
- (f) Handover

Land Assembly Strategy refers to the means by which the Parties and other relevant Government Authorities have agreed to effect the assembly of the land comprising the Ocean Reef Marina project area.

Marine Rescue Whitfords (MRW) means Whitfords Volunteer Sea Rescue Group (Inc).

Ocean Reef Sea Sports Club (ORSSC) means the Ocean Reef Sea Sports Club (Inc).

Transfer Deed means the Land Transfer Deed to be entered into by the Minister for Lands and the Parties which will record the agreements by the Parties and the Minister for Lands to the actions required to (amongst other things) give effect to:

- (a) the Land Assembly Strategy; and
- (b) the Divestment Strategy

Project Vision is to establish a world class, vibrant marina precinct comprising of recreational, boating, tourism, residential, retail and commercial facilities, and more particularly, the delivery

of the key infrastructure and development outcomes as agreed and described in the Dev Agreement.

Upkeep Responsibility means responsibility for ensuring that a Future City Area is clean, tidy, maintained, repaired and generally kept in a good condition.

2. INTRODUCTION

The purpose of this Agreement is to articulate “in principle” agreement of the key components of the Dev Agreement required pursuant to MOU clause 7.3 as well as the Objectives and Interest outlined in clause 1.1(b) below.

“In principle” agreement of the key components of the Dev Agreement will enable the City to prepare and advertise a Business Plan and, if endorsed by the Joondalup Council, finalise and execute the Dev Agreement.

This Agreement will also provide surety to DevelopmentWA of the City’s intention to negotiate and finalise the draft Dev Agreement and Transfer Deed as expeditiously as possible and in accordance with the relevant clauses of the MOU, subject to the completion of the City’s Business Plan process.

It is not intended that this Agreement will cover all details required for the finalisation and execution of the Dev Agreement.

This Agreement also provides in principle agreement of the Undertakings/Key Principles outlined in clause 4 below.

However, this Agreement:

- (a) does not supersede the MOU; and
- (b) is not binding on the Parties.

3. OBJECTIVES AND INTEREST

The objective for the Parties is to finalise and execute a Dev Agreement which is mutually beneficial and cognisant of each party’s interests and desired outcomes.

The interest common to the Parties is the development of a world class, vibrant marina precinct comprising of recreational, boating, tourism, residential, retail and commercial facilities in accordance with the previously agreed Project Vision. Ocean Reef Marina should be environmentally sustainable, provide social and economic benefits to the City of Joondalup and the broader community.

The Parties’ respective interests are as follows:

3.1 DevelopmentWA

DevelopmentWA has been directed to develop Ocean Reef Marina in accordance with the Cabinet Approval by the Western Australian State Government. This includes securing a portion of the City Lots and City Crown Land and identifying clear areas of responsibility for the operation and maintenance of the marina by a marina manager and the City.

DevelopmentWA requires the transfer of the City Lots and City Crown Land at the earliest opportunity to minimise and mitigate project delays. The project will be delivered by DevelopmentWA in accordance with the Cabinet Approval.

3.2 City

The City led the project for many years and considers Ocean Reef Marina to be the most important development to occur within its boundary. The City has a vested interest in ensuring that Ocean Reef Marina is developed in accordance with the Project Vision as expeditiously as possible.

The City Business Plan will take into consideration:

- (a) Project costs already invested by the City.
- (b) Loss of existing assets, including the City Lots, and associated responsibilities of the existing leases.
- (c) Additional and new income streams and assets transferred to the City.
- (d) The long-term financial impact of the City's operational and maintenance responsibilities.
- (e) The social and economic benefit to the City and the broader community.

The City will prepare and advertise a Business Plan that reflects the Key Components as set out in this Agreement and is otherwise consistent with this Agreement.

4. UNDERTAKINGS / KEY PRINCIPLES

4.1 Parties

- (a) Development Agreement and Land Transfer Deed

The Parties agree that the finalisation and execution of the Dev Agreement and Transfer Deed must occur as expeditiously as possible to ensure that Ocean Reef Marina can be developed without hinderance and that discussions to resolve these matters will be undertaken concurrently with the Business Plan process. **SCHEDULE 2**

CONCEPT PLAN

As at August 2020



SCHEDULE 3 3 sets out the targeted timelines required for:

- (i) Execution of this Agreement;
- (ii) Completion of the City's Business Plan process;
- (iii) Finalisation and execution of the Transfer Deed; and
- (iv) Finalisation and execution of the Dev Agreement.

However, the Parties also agree that the finalisation and execution of the Dev Agreement and Transfer Deed cannot occur until the City has completed the Business Plan process and that the Business Plan is approved and endorsed by Council.

(b) Capital Contribution by the City

The City may and in accordance with Clause 6.1(g) of the MOU consider contributing to the cost of developing any potential commercial facility and other public amenities (for example public toilets) associated with the new ORSSC facility situated within the Marine Services Precinct.

However, it is acknowledged that the City is not in a position to make any further capital contributions to other components of the project at this time.

4.2 DevelopmentWA

DevelopmentWA acknowledges the City's desire that the financial impacts of Ocean Reef Marina are sustainable in the long term and do not place an unreasonable financial burden on the City's ratepayers.

DevelopmentWA believes this could potentially be achieved through:

(a) Income

In addition to the rates income the City will received, DevelopmentWA agrees to explore with the City opportunities to receive recurring income to assist in offsetting the anticipated expenditure required to maintain, operate and replace the infrastructure under its responsibility.

Such opportunities may include:

- (i) Subject to agreement by Joondalup Council, support the City in the application of a Specified Area Rating.
- (ii) Support for the application of nominal parking fees for public car parking within Ocean Reef Marina, without inhibiting utilisation and activation.
- (iii) Identification and transfer of potential commercial leasehold opportunities, for example the:
 - A. Club Site and or Club Facility.
 - B. Potential kiosk associated with the ocean pool area as identified on the current concept plan.
 - C. Other sites and opportunities yet to be to be identified and considered as part of the project.

(c) Infrastructure Maintenance

DevelopmentWA agrees to provide the City with reasonable input into, and agreement of, the specifications, location and detailed design of all infrastructure and areas that the City will own, maintain, operate and replace.

(d) Transfer of Land

DevelopmentWA acknowledges that transfer of the City Lots cannot occur until the City has completed its Business Plan process.

The Cabinet Approval and MOU was based on the City Lots being transferred at nominal value; however, DevelopmentWA acknowledges that the City Lots to be transferred in accordance with the Transfer Deed have value to the City.

(e) Smart City Infrastructure

DevelopmentWA is actively promoting the deployment of Smart City technology and infrastructure within Ocean Reef Marina. DevelopmentWA agrees to work with the City to jointly prepare a business case for each potential element of Smart City technology and infrastructure which will follow best practice and include clear objectives (quantified and measurable), options, whole of life cost evaluation (including capital replacement) and option evaluation. Smart City technology and infrastructure proposed to be owned, operated and maintained by the City will only be implemented where it will not unreasonably cause a negative financial impact to the City and only in the event that the City agrees to the implementation.

4.3 City

As far as possible and practical, the City agrees to support DevelopmentWA to deliver Ocean Reef Marina and recognises its statutory role in the delivery of the project. The City wishes to ensure that the financial impacts of Ocean Reef Marina are sustainable in the long term and do not place an unreasonable financial burden on the City's ratepayers.

For the purpose of this Agreement the City's long-term financial sustainability is defined as:

- (a) Operating Surplus/Deficit: Recurring impacts, including depreciation, should be no worse than zero once the site is fully developed. This is measured by comparing the project impacts to the existing baseline deficit.
- (b) Cashflow: The 50-year cashflow impacts are zero or positive.

The City desires to lessen the financial impact on its ratepayers by:

(a) Income

Subject to agreement by Joondalup Council the City may seek to raise income to offset anticipated future expenditure by seeking:

- (i) The application of a Specified Area Rate to cover the higher level of maintenance required.

- (ii) The application of parking fees for the public car parking. The fees applied will be set at a minimal rate so as not to inhibit visitation and activation of Ocean Reef Marina.
- (iii) Establishing commercial agreements with third parties for portions of sites and or facilities within the Project Area which will be owned or managed by the City.

(b) Infrastructure Maintenance

The City agrees to work collaboratively with DevelopmentWA to ensure that the specification, location and detailed design of all infrastructure and areas that the City will own, maintain, operate and replace is of a sufficiently high standard to meet the overall vision for Ocean Reef Marina.

The City accepts responsibility for maintenance, operation and replacement of infrastructure and amenities within the Future City Areas. This includes the application of best-practice asset management practices to ensure all assets are in suitable condition to maintain the required service levels.

The Parties agree that part of the collaboration will be to take in to account the future service levels to be provided by the City do not impose an unreasonable financial impact on the City.

(c) Transfer of Land

- (i) The City agrees it will transfer the City Lots and City Crown Land, in accordance with the MOU, Transfer Deed and Land Assembly Strategy as expeditiously as possible following completion of the Business Plan process.
- (ii) Prior to the transfer of the City Lots and City Crown Land, in accordance with the Transfer Deed and Land Assembly Strategy, the City agrees to support an application for subdivision to create the required lots should this be required.
- (iii) The City's support as outlined in (ii) above is not agreement by the City to:
 - A. transfer to the State the land owned by the City; and
 - B. to allow the civil works needed to create the lots (and vesting lots) described in any subdivision application to be done.
- (iv) Prior to the transfer, where applicable, the City will continue to provide access to the City Lots and City Crown Land through the granting of an Access License.
- (v) Prior to the transfer, where applicable, the City agrees to provide confirmation of its intent as outlined in (i) above, to DevelopmentWA's contractors and other parties as requested by DevelopmentWA.

(d) Smart City Infrastructure

The City welcomes the potential enhancements to Ocean Reef Marina with Smart City technology and infrastructure and will work jointly with DevelopmentWA to prepare a business case for each individual element.

The City agrees to support the implementation of Smart City technology and infrastructure as outlined in clause 4.2(d).

5. KEY COMPONENTS

The Parties agree to the following Key Components of the Dev Agreement.

5.1 Boundary of Responsibility

As provided in **SCHEDULE 1** – Demarcation Line of Ownership:

(a) The City

- (i) The area to the east, north and south of the red dotted line, shaded yellow, shall be vested in the City. The City will take responsibility for the maintenance, operation and replacement of all public infrastructure and areas. The area of responsibility excludes lots sold for private development and includes:
 - A. Road Reserve
 - B. Public Open Reserves
 - C. Public Promenade Reserve (subject to an Easement to the Marina Manager for access and maintenance requirements of the internal marine edge wall).
 - D. Club Site
- (ii) The area of responsibility includes the promenade abutting the waterfront but excludes the internal revetment walls.
- (iii) The Beach Carpark (marked 24 on the current concept plan) shall be transferred to the City in freehold on the understanding that it will contain an encumbrance to ensure it shall always, other than during times of redevelopment or repairs, retain a minimum number of public car parking bays.
- (iv) The Club Site Area shall be created as a Crown Reserve with a Management Order (containing the power to lease) granted to the City.
- (v) It has not yet been determined who will ultimately be responsible for the construction of the new Club Facility. However, once completed the Improvements will be owned, maintained and replaced by the City.

The City will be responsible for granting and managing the leases and licences for the Club Facility and Club Site. As outlined in clause (b) above the City may consider contributing to the cost of developing the Club Facility and any potential commercial facility and or other public amenities (for example public toilets) within the new Club Site and or Club Facility.

- (vi) As the Club Facility will ultimately be owned by the City, the City reserves the right to be involved in the design of the facility and to agree on the final design.
- (vii) In consultation with DevelopmentWA, the City is to be responsible for the termination of all Existing Interests on the City Crown Land and the City Lots, in accordance with the timeframes outlined in the Land Assembly Strategy.

(b) Marina Manager

- (i) The area shaded pink, as shown on **SCHEDULE 1** – Demarcation Line of Responsibility, shall be vested in the Marina Manager.

- (ii) All infrastructure within this area, including the internal revetment walls, boardwalk structure and ocean pool to be owned, operated, maintained and replaced by the Marina Manager.
- (iii) The Marina Manager may choose to negotiate an Operation or Management Agreement with City for the daily management and activation of the boardwalk structure and ocean pool including non-structural maintenance obligations in exchange for a nominal lease from the Marina Manager to the City for the proposed kiosk facility associated with the ocean pool area.
- (iv) The Marina Manager shall have no responsibility, vesting or ownership of the Club Site Area or the Club Facility.

5.2 Future City Areas

(a) Divestment Strategy

For the purposes of this Agreement, the Future City Areas include as indicated in **SCHEDULE 4 – Divestment Strategy**, specifically:

- (i) Promenade
- (ii) Vested Public Open Space
- (iii) Vested Road Reserve
- (iv) Freehold lot for public car parking
- (v) Vested Club Site (including the Club Facility)

As per the Divestment Strategy, the Marina Manager Future Areas are:

- (i) Breakwater Reserve
- (ii) Marine Enterprise Precinct (**excluding Club Site**)
- (iii) Ocean Reef Marina Waterway Reserve
- (iv) Revetment Wall Area
- (v) Parks & Recreation Reserve
- (vi) Leased area of Water Corporation Freehold land

(b) Specifications and Detailed Design

DevelopmentWA shall collaborate with the City on the specifications and detailed design of the Future City Areas. The City reserves the right to request modifications, having regard to the agreed Project Vision where it can be demonstrated that the specifications or detailed design imposes an unreasonable requirement on the City.

5.3 Handover

Notwithstanding compliance with the relevant clauses within the Dev Agreement, handover of the areas to be vested in the City, excluding the Club Site and Club Facility shall be 2 years following practical completion of the relevant works

Until the handover of the area/s has been effected, all responsibility for the area/s rests with DevelopmentWA unless agreed to by the Parties acting reasonably.

5.4 Marine Rescue Whitfords

The Parties acknowledge that MRW is an essential service and will collaboratively engage with the MRW, Department of Fire and Emergency Services, Department of Transport and other relevant entities to ensure suitable and adequate facilities are provided for MRW within Ocean Reef Marina. It is currently envisaged that office accommodation requirements of MRW will be located within the Club Facility, whilst its storage, hardstand and wet pen requirements will be within the area managed and controlled by the Marina Manager.

5.5 Ocean Reef Sea Sports Club

The Parties acknowledges that the ORSSC is an existing lessee and will collaboratively engage with the ORSSC and other stakeholders to ensure suitable and adequate facilities are provided for the ORSSC within the Marina. Accommodation requirements will be located within the Club Facility and Club Site, whilst its hardstand and wet pen requirements will be within the area managed and controlled by the Marina Manager.

6. EXCLUSIONS

This Agreement covers the agreed Undertakings/Key Principles and Key Components of the Dev Agreement only.

The finer details and other components will be negotiated and agreed during the finalisation of the legally binding Dev Agreement.

7. DISPUTE RESOLUTION

In the event of a dispute arising with the application of this Agreement or during finalisation of the Dev Agreement, the Parties agree that the following process will apply.

7.1 Phase 1

- (a) Identify and agree on the defined problem or issue.
- (b) Identify and agree on the interests of each party (not the defined positions).
- (c) Cognisant of the identified interests, collaboratively work to identify options that address each party's concerns and adopt an agreed set of criteria against which the options can be measured with the aim of arriving at a fair outcome.

7.2 Phase 2

In the event the dispute is not resolved in accordance with clause 7.1 above the dispute shall be referred in writing to the Chief Executive Officers of each party who shall convene a meeting for the purpose of resolving the dispute.

7.3 Phase 3

In the event the dispute is not resolved in accordance with clause 7.2 above the Parties must endeavour to settle the dispute through mediation. Such mediation shall be conducted by a mediator who is independent of the Parties and appointed by agreement of the Parties.

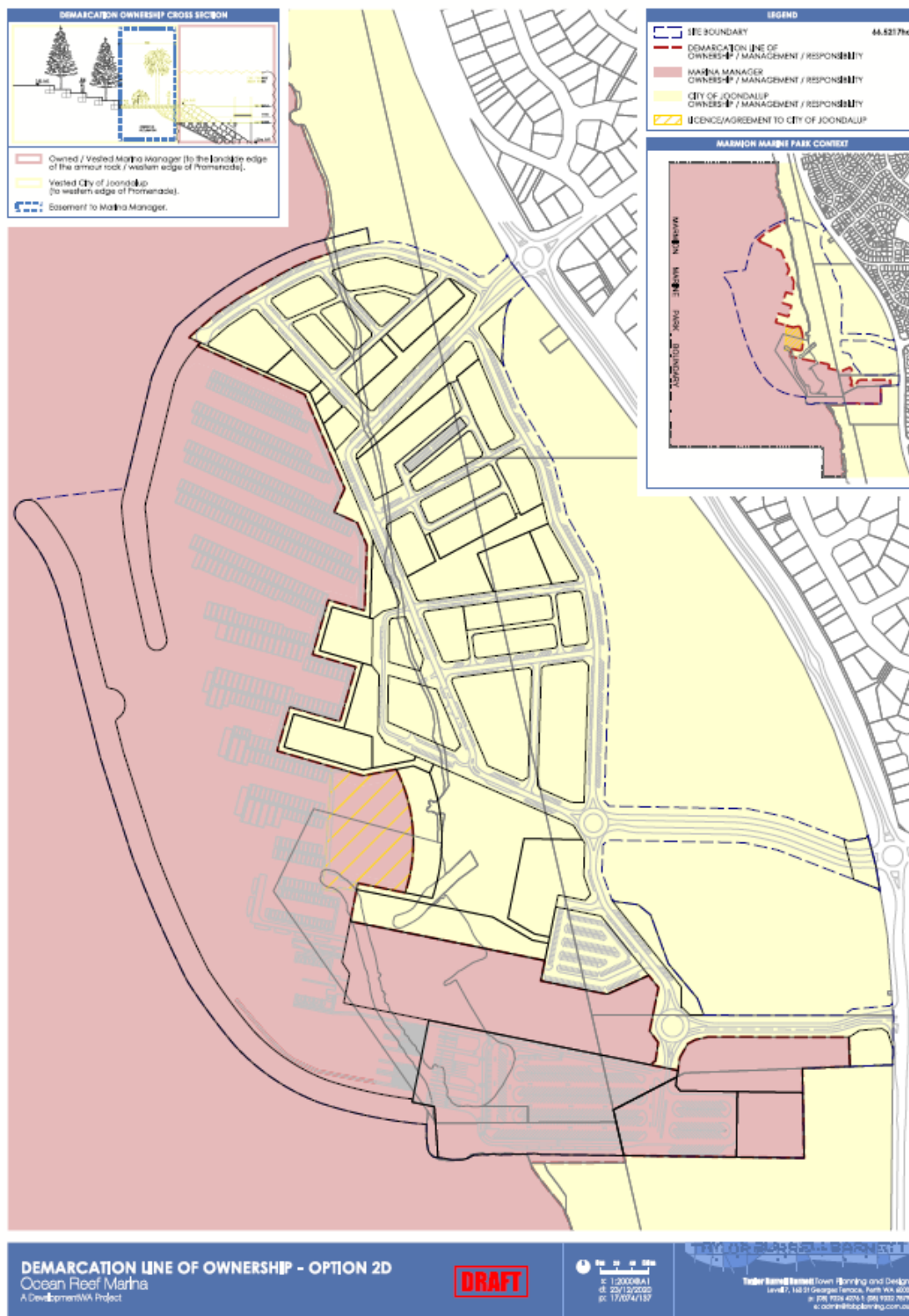
8. TERM

This Agreement remains in place until such time as the Dev Agreement is finalised and executed.

SIGNING PAGE

SCHEDULE 1

DEMARICATION LINE OF OWNERSHIP – OPTION 2D



SCHEDULE 2

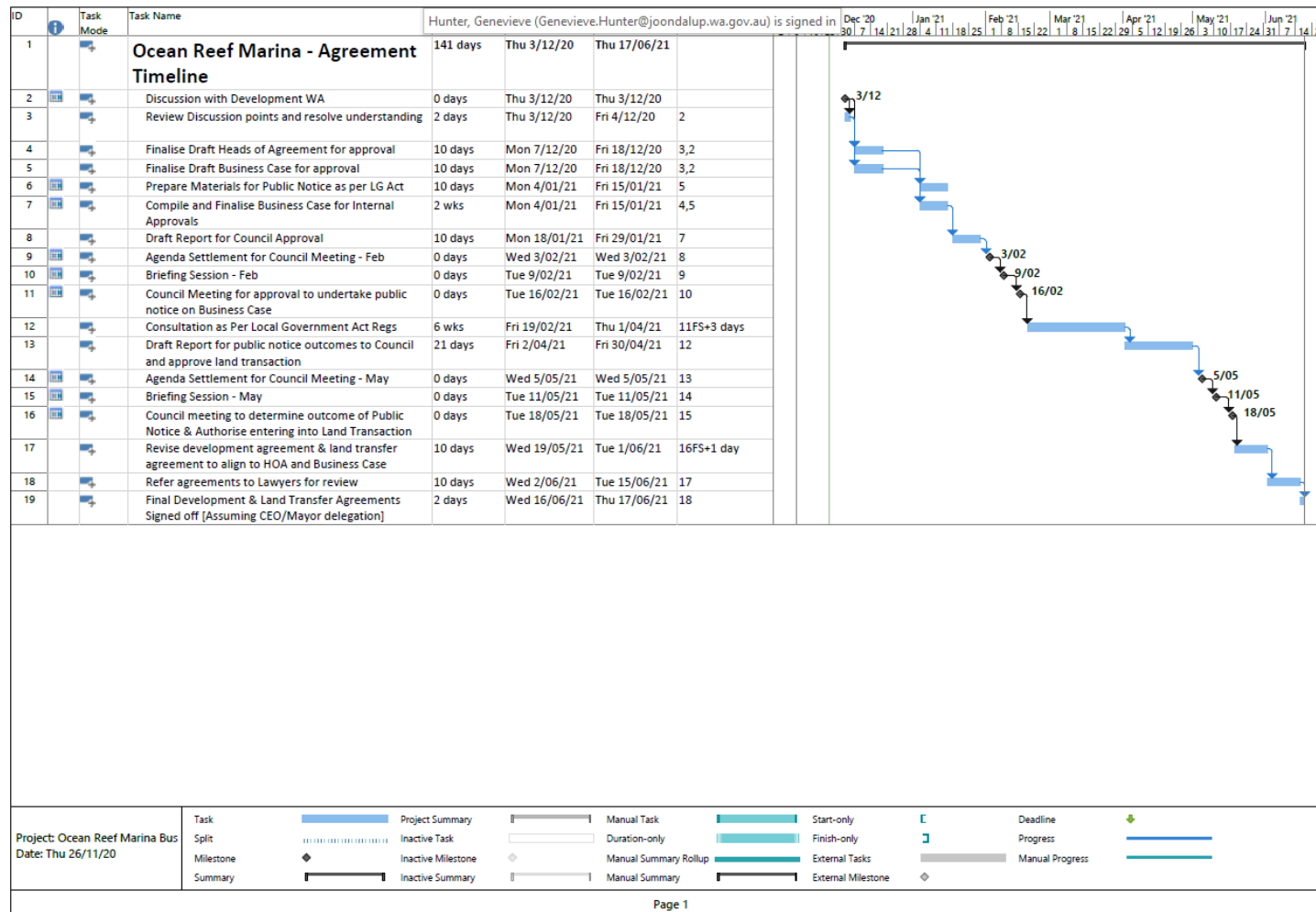
CONCEPT PLAN

As at August 2020



SCHEDULE 3

PROPOSED TIMELINE



SCHEDULE 4

DIVESTMENT STRATEGY



MAJOR LAND TRANSACTION

OCEAN REEF MARINA

Pursuant to Section 3.59(3) of the Local Government Act 1995

BUSINESS PLAN

PROPOSED DISPOSAL OF LOTS 1029 AND 1032, OCEAN REEF

February 2021

Version Control:

| Version No. | Date | Status | Amendments / Comments | Distributed |
|-------------|-------------|--------|------------------------------|-------------|
| 2 | 20 Jan 2021 | Draft | New format and GH additions | GH – Teams |
| 3 | 3 Feb 2021 | Draft | GH additions | GH – Teams |
| 4 | 4 Feb 2021 | Final | | GH – Teams |
| 5 | 11 Feb 2021 | Final | Queries from Elected Members | GH |

INVITATION

The City of Joondalup (the City) invites people to provide a submission on the Ocean Reef Marina Business Plan.

The City proposes to undertake a Major Land Transaction to facilitate disposal of two land parcels, owned by the City in freehold. The land parcels will form part of the Ocean Reef Marina development.

In accordance with section 3.59 of the *Local Government Act 1995*, the City is required to prepare a Business Plan for the transaction and give state-wide public notice of the proposal.

Community members may make submissions in relation to the transaction to the City's Chief Executive Officer via the following methods:

Mail: PO Box 21, Joondalup WA 6919

Email: info@joondalup.wa.gov.au

In person: City of Joondalup Administration, 90 Boas Avenue, Joondalup WA 6027

Submissions received will assist Council in making a decision on whether to proceed with the advertised transaction.

Copies of the Business Plan are available from:

- City of Joondalup website – www.joondalup.wa.gov.au
- City of Joondalup Administration
- Joondalup Library

Printed copies of the Business Plan may be obtained from:

Tanja Panic
City of Joondalup
90 Boas Avenue
Joondalup WA 6027
Tel: 9400 4328
Email: tanja.panic@joondalup.wa.gov.au

CLOSING DATE FOR SUBMISSIONS:

XXXXXXX

MAT HUMFREY
Acting Chief Executive Officer

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1. EXECUTIVE SUMMARY

The Ocean Reef Marina Business Plan (this Plan) details the proposed transfer of the following land parcels (the Transaction), owned in freehold by the City of Joondalup (the City):

- Lot 1029 on Diagram 57604, 362 Ocean Reef Road, Ocean Reef, WA 6027
- Lot 1032 on Plan 13198, 400 Ocean Reef Road, Ocean Reef, WA 6027

The proposed Transaction is to facilitate the construction of the Ocean Reef Marina (the Marina) by DevelopmentWA, on behalf of the State Government. The Marina will provide a world class, vibrant marina precinct comprising of recreational, boating, tourism, residential, retail and commercial facilities. The Marina development is consistent with the City's endorsed Project Philosophies and Parameters endorsed by Council at its meeting held on 5 May 2009 (Item JSC5-05/09 refers).

In compliance with Section 3.59 of the *Local Government Act 1995* (the Act), the City is required to prepare a business plan which includes an overall assessment of the proposed major land transaction and give state-wide public notice that the it proposes to enter into the major land transaction. Submissions about the proposed Transaction may be made and, taking into consideration submissions received, Council can decide whether to proceed with the proposed Transaction.

The proposed Transaction is consistent with *Joondalup 2022 - Strategic Community Plan 2012-2022 (Updated July 2018)*, the Memorandum of Understanding between the City and DevelopmentWA executed in February 2018, the proposed draft Land Transfer Deed between the City and State Government and the Heads of Agreement between the City and DevelopmentWA (approved for execution by Council in February 2021). Should the proposed Transaction be approved by Council, this Plan will inform the preparation and execution of an Ocean Reef Marina Development Agreement between the City and DevelopmentWA.

A detailed assessment of the proposed Transaction indicates no detrimental impact on existing City services and there will be sufficient operating income from the Marina to meet the estimated maintenance and future capital replacement costs.

The Heads of Agreement outlines the key principles and undertakings the City and DevelopmentWA have agreed to which form the basis of the financial projections included in section 6 of this Plan.

2. OBJECTIVES

2.1 Joondalup 2022 – Strategic Community Plan 2012-2022

The Marina development is aligned to the following objectives and initiatives of *Joondalup 2022*:

| Theme | Objective | Strategic Initiative |
|--|--|---|
| Financial Sustainability | Major project delivery: To effectively plan for the funding and delivery of major projects | Support new projects that balance identified financial risk against effective management approaches. |
| | Financial diversity - To be less reliant on rates as the primary basis for revenue by leveraging alternative income streams. | Identify opportunities for new income streams that are financially sound and equitable. |
| Quality Urban Environment | Quality open spaces: To provide facilities of the highest quality which reflect the needs of the community now and into the future. | Apply a strategic approach to the planning and development of public open spaces Employ quality and enduring infrastructure designs that encourage high utilisation and increased outdoor activity. |
| Economic Prosperity, Vibrance and Growth | Destination City: To become a destination city where unique tourism opportunities and activities provide drawcards for visitors and high amenity for residents. | Facilitate the establishment of major tourism infrastructure. Encourage diverse accommodation options. |
| | Regional collaboration: To be immersed within a region that is complementary and supportive of broader strategic outcomes. | Undertake planning within a regional context Drive new employment and infrastructure opportunities on a regional basis. |
| The Natural Environment | Environmental resilience: To continually adapt to changing local environmental conditions. | Understand the local environmental context. Identify and respond to environmental risks and vulnerabilities. Demonstrate current best practice in environmental management for local water, waste, biodiversity and energy resources. |

2.2 Business Plan Objectives

This Plan aims to:

- Comply with the requirements of Section 3.59 of the Act.
- Provide details of the City's intention to undertake a major land transaction and dispose of Lot 1029 and Lot 1032 to facilitate the development of the Marina.
- Seek community submissions on the proposed Transaction as outlined in this Plan.

3. LEGISLATIVE REQUIREMENTS

3.1 Major Land Transaction Business Plan

Section 3.59 of the Act outlines the process governing Commercial Enterprises by local governments, which includes Major Land Transactions.

The Act defines a Major Land Transaction as:

“a land transaction other than an exempt land transaction if the total value of –

- (a) the consideration under the transaction; and*
- (b) anything done by the local government for achieving the purpose of the transaction,*

is more, or is worth more, than the amount prescribed for the purposes of this definition.”

The amount prescribed for the purposes of the definition of Major Land Transaction under Section 8A(1) of the *Local Government (Functions and General) Regulations 1996* (the Regulations) is:

- (a) if the land transaction is entered into by a local government of a district of which is in the metropolitan area or a major regional centre, the amount that is the lesser of –*
 - (i) \$10,000,000; or*
 - (ii) 10% of the operating expenditure incurred by the local government from its municipal fund in the last completed financial year;*

Before entering into a Major Land Transaction, the City is required to prepare a Business Plan that includes an overall assessment of the land transaction including:

- expected effect on the provision of services and facilities by the City
- expected effect on other persons providing services and facilities in the region
- expected financial effect on the City
- expected effect on the City’s plan for the future (s5.56 of the Act)
- the ability of the City to manage the performance of the transaction
- any other matter prescribed for the purposes of s3.59(3) of the Act.

This Plan has been written so as to comply with the requirements of s3.59 “Commercial Enterprises by Local Governments” of the Act and Part 3 of the Regulations and to provide members of the public with sufficient information so as to make an informed submission in respect to this proposal.

3.2 Business Plan Advertising and Submissions

Section 3.59(4) of the Act requires the City to give state-wide and local public notice of the Major Land Transaction through the advertising of a business plan for a period of not less than six weeks. The community may make submissions which will be taken into consideration before a decision to proceed with the Major Land Transaction is made by Council.

Submissions in respect to this Plan must be made in writing to the Chief Executive Officer via:

Mail: PO Box 21, Joondalup WA 6919

Email: info@joondalup.wa.gov.au

In person: City of Joondalup Administration, 90 Boas Avenue, Joondalup 6027

4. OVERVIEW

4.1 Background

In 2004 the State Government provided the City with a financial contribution of \$700,000 towards the development of a concept plan and structure plan for a world class recreational, residential, boating and tourism development at Ocean Reef.

In April 2007 Council agreed to the establishment of three committees to contribute to the development of the Ocean Reef Marina Concept Plan:

- Ocean Reef Marina Steering Committee
- Ocean Reef Marina Community Reference Group
- Ocean Reef Marina Committee.

The City also established a Project Team to provide expertise in the development of a concept plan (through an iterative process).

In May 2009 Council (Item JSC5-05/09 refers) endorsed a number of guiding principles and philosophies for the development of the Ocean Reef Marina which included:

- Development Vision
- Environmental Strategy
- Governance and Fiscal responsibility
- Liaison protocol
- Commerciality

Preliminary studies, reviews and visioning by the consultants, consultation with the Ocean Reef Marina Community Reference Group and Ocean Reef Marina Government Steering Committee resulted in the presentation of Concept Plan 7 to Council (5 May 2009, Item JSC7-05/09 refers) for endorsement for community consultation.

An extensive community consultation process was undertaken resulting in the return of 11,728 completed surveys with 93.9% of respondents in favour of developing the marina and 95.6% in support of the proposed concept plan. Following presentation of the results of the community consultation, in December 2009 the Council directed the City to proceed with the preparation of the Business Case and Structure Plan for the development.

Following a financial analysis of the Ocean Reef Marina concept plan in 2010, amendments were made that improved the net cash flow and suggested that the plan had the potential to be financially feasible.

The plan further evolved as a result of specific consultant inputs, detailed expert assessment and further financial modelling. Minor amendments were also made following comments from

various government agencies with respect to the Metropolitan Region Scheme (MRS) Amendment request.

The City has always maintained that it did not have the capacity to bring the development to fruition without a joint venture in association and agreement with the State Government or third parties.

Executed in 2012 the original Memorandum of Understanding (MOU) acknowledged the shared commitment between the City and State Government (as joint landowners) in bringing the project to fruition. The MOU provided the impetus to seek and obtain a high level of engagement with the various departments and agencies.

Once the planning and environmental approval processes had been substantially progressed, in October 2015 the City requested the then Minister for Planning to initiate action for the State Government to assume the role of proponent for the Ocean Reef Marina.

To facilitate the request the Minister directed LandCorp (now DevelopmentWA) to undertake a review of the concept plan and feasibility. Following completion of this review, the State Government announced that it would assume the lead role for the project and a detailed business case and Cabinet Submission would be prepared for consideration.

In 2016 DevelopmentWA established a new Government Steering Committee to oversee the progression of the development.

Endorsed by Council in February 2018 (Item CJ031-02/18 refers), the City and DevelopmentWA executed a new MOU that sets out the roles of the Parties and outlines how they will work together to implement the project as approved by the State Government. The MOU covers such matters as:

- progressing the statutory approvals
- the development of a Marina Management Agreement (in collaboration with the Department of Transport)
- management of the land-based assets
- the City's potential contribution to the cost of the community infrastructure (to be the subject of a future agreement)
- stakeholder and community engagement
- the City's landholdings at the Ocean Reef Marina site
- land assembly and seabed license requirements
- transfer to the City of the \$500,000 provisioned in the 2016-2017 State Government budget for the Metropolitan Region Scheme (MRS) Amendment and Public Environmental Review (PER) works completed by the City
- transfer of proponentcy from the City to DevelopmentWA
- engagement and payments to project consultants
- acknowledgement of the requirement for additional agreements between the City and DevelopmentWA (as required).

Clause 6.1 of the MOU outlines the City's responsibility in terms of its freehold land:

"6.1 The City agrees that it shall:

- (f) *Not dispose of or otherwise deal with land it owns within the area of the Project (27 hectare area comprising Lot 1032 on Plan 13198 and Lot 1029 on Diagram 57604) which would materially affect or restrict the implementation of the Project.*
- (g) *Contribute the portion of City owned land required for the Project for an agreed market value (assumed to be nominal) consideration. The methodology used to value the required Project land to be agreed between the Parties.”*

The current concept plan prepared by DevelopmentWA requires the following City-owned land to be contributed to the project:

| | | |
|------------|----------------------|----------------------|
| • Lot 1032 | 2.69 hectares | (total lot) |
| • Lot 1029 | <u>8.62</u> hectares | (portion of the lot) |
| Total | 11.31 hectares | |

Since the execution of the current MOU, the City and DevelopmentWA have negotiated and developed the following draft agreements:

- Heads of Agreement
- Development Agreement
- Land Transfer Deed
- Land Assembly Strategy

Reports on the status of the negotiations have been presented to Council, through the Major Projects and Finance Committee, on a regular basis; the most recent being the meeting held on 2 November 2020 (Item 1 refers). At that meeting it was agreed that the Major Projects and Finance Committee notes:

- “1 the status of the Ocean Reef Marina project as outlined in this Report;
- 2 a report on the preparation of the Ocean Reef Marina Development Agreement between the City and DevelopmentWA will be presented to the Major Projects and Finance Committee at a future meeting;
- 3 a draft Ocean Reef Marina Business Plan will be presented to Council, via the Major Projects and Finance Committee, at future meeting.”

4.2 Project Description

The Ocean Reef Marina development site is located on the coast at Ocean Reef and when fully developed will cover a land/sea area of approximately 91 hectares (Figure 1). The site extends from just north of Swanson Way to north of Resolute Way, Ocean Reef. The site includes Lots 1029 and 1032 (City owned land), Foreshore Reserve 20561, Groyne Reserve 36732 and Breakwater Reserve 39014 (both vested in the City) and a portion of Water Corporation land at Lot 1033. The site currently consists of a boat launching facility, parking for vehicles and boat trailers, reserves, freehold land and the Ocean Reef Sea Sports Club and the Marine Rescue Whitfords.

The current Concept Plan (Figure 2), prepared by the DevelopmentWA, was endorsed for community engagement by the Government Steering Committee in August 2018. The refined plan was developed following an extensive review process undertaken by the DevelopmentWA Project Steering Group with considerable input from the Department of Transport.

The current Concept Plan proposes the following:

- 12,000 square metres of retail / commercial space
- capacity for 550 boat pens and 200 boat spaces
- 1,000+ dwellings including single dwellings, apartments, short stay and hotel rooms
- approximately 4,700 car and boat trailer parking
- facilities for the Ocean Reef Sea Sports Club and Marine Rescue Whitfords.

4.3 Land Tenure

The Ocean Reef Marina site consists of the following land parcels (Figure 3):

| Lot Number | C/T Number | On Plan | Registered Proprietor |
|-------------|------------|-----------|---|
| 9000 | 2701/335 | DP 54595 | Water Corporation |
| 1032 | 1667/921 | P 13198 | City of Joondalup |
| 1029 | 1957/865 | D 57604 | City of Joondalup |
| 45122/12803 | LR3047/762 | P 15142 | State of Western Australia (Interest Holder: City of Joondalup) |
| 47831/15446 | LR3133/571 | DP 40340 | State of Western Australia (Interest Holder: City of Joondalup) |
| 47831/15445 | LR3133/570 | DP 40340 | State of Western Australia (Interest Holder: City of Joondalup) |
| 36732/10098 | LR3048/270 | DP 216093 | State of Western Australia (Interest Holder: Water Corporation) |
| 39014/10518 | LR3146/799 | DP 216093 | State of Western Australia (Interest Holder: Minister for Transport) |
| 39014/10519 | LR3146/800 | DP 216093 | State of Western Australia (Interest Holder: Minister for Transport) |
| 40064/10969 | LR3049/548 | P 15655 | State of Western Australia (Interest Holder: Water Corporation) |

Lots 1032 and 1029 are the subject of the Major Land Transaction and this Plan

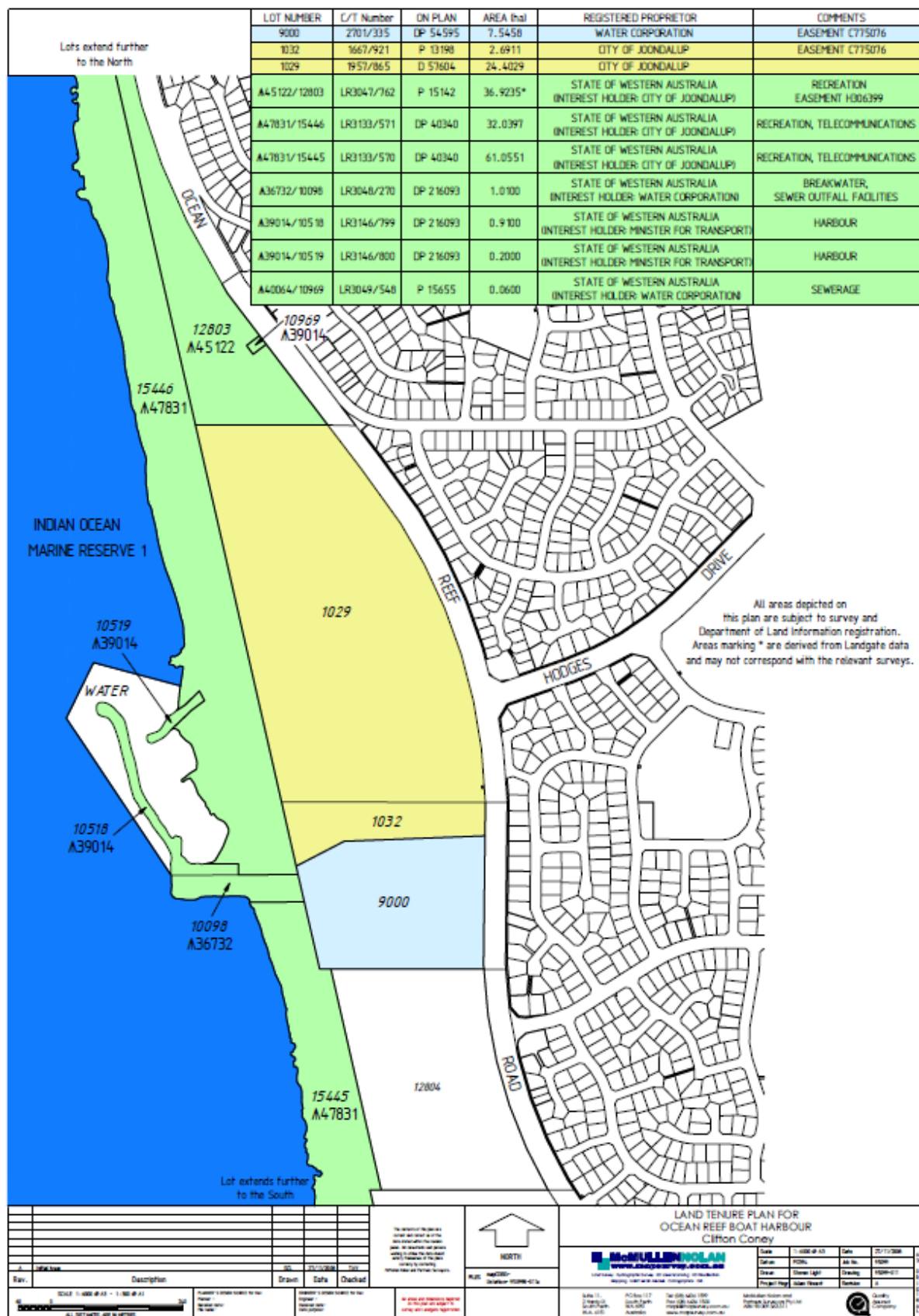
Figure 1: Ocean Reef Marina Regional Location



Figure 2: Current Concept Plan



Figure 3: Ocean Reef Marina Current Land Tenure



4.4 Land Zoning

Improvement Scheme No 1 – Ocean Reef Marina, prepared in accordance with the *Planning and Development Act 2005* and gazetted on 30 September 2020, provides land use and development controls over the Marina site. The improvement scheme also provides heads of power to prepare policies (including Design Guidelines) and local development plans.

The Improvement Scheme gives effect to *Ocean Reef Improvement Plan 51* which was gazetted on 31 December 2019

The Western Australian Planning Commission (WAPC) is the responsible authority for the enforcement and implementation of the Improvement Scheme.

Whilst the improvement scheme is in effect, the Metropolitan Region Scheme and the City's *Local Planning Scheme No. 3*) will be suspended and cease to apply to land within the improvement scheme area.

The improvement scheme established scheme reserves and precincts for a number of purposes.

Reserves

- Parks and Recreation
- Public Purposes – Special Use
- Regional and Local Road
- Public Open Space
- Waterways

Precincts

- Residential
- Mixed Use / Waterfront / Recreation Precinct
- Marine Enterprise
- Waterways

Further information on *Improvement Scheme No 1 – Ocean Reef Marina* is located on the Department of Planning, Lands and Heritage [website](#).

4.5 Current Use

The site, currently described as the Ocean Reef Boat Harbour, consists of:

- one large and one small limestone breakwater
- eight boat launching ramps
- extensive car and boat trailer parking
- public toilets
- coastal recreation amenities
- facilities for Marine Rescue Whitfords
- facilities for the Ocean Reef Sea Sports Club

- formal and informal walking tracks.

5. PROPOSED MAJOR LAND TRANSACTION

The City proposes to transfer ownership of Lot 1032 and Lot 1029 to the State Government to facilitate the development of the Marina. In addition, the City is required to relinquish management over the Crown Land parcels currently vested with the City.

During negotiations with DevelopmentWA (on behalf of the State Government), the City has sought to ensure that an adequate consideration is received for the transferred land and the City-owned infrastructure currently on site.

The land transfer by itself should not be viewed in isolation. It is part of the broader agreement necessary to enable the City to continue on-going involvement and support to this important regional development.

5.1 Land Transfer

In accordance with the terms of the MOU and the Heads of Agreement, the City proposes to transfer the whole of Lot 1032 and Lot 1029 for a nominal fee.

The City will receive, in freehold, that portion of Lot 1029 not required for the Marina. The City will also receive, in freehold, the land parcel identified as Public Parking (southern precinct – Amenity No 24).

Management of the land identified for the Ocean Reef Sports Club will be vested with the City.

Figure 4 shows the proposed land divestment strategy within the developed Marina.

Figure 4: Proposed land divestment strategy



6. ASSESSMENT OF MAJOR LAND TRANSACTION

6.1 Effect on the provision of facilities and services by the City

The existing Ocean Reef Boat Harbour provides the following services/amenities (managed by the City) to the community:

- eight boat launching ramps
- car and boat trailer parking
- public toilets
- Ocean Reef Beach Park
- dual use path.

The Marina will significantly enhance and improve on the above services/amenities through the provision of:

- coastal pool and family beach
- 12,000sqm retail and commercial floor space
- 550 boat pens and 200 boat stackers
- eight boat launching ramps and associated boat trailer parking
- landscaped major open spaces including event and community areas
- public walkways and waterfront promenade
- residential – apartments, single residential dwellings and mixed-use developments.

The City will assume responsibility for the management, operation and maintenance of the public open space and infrastructure consider a standard responsibility for local government. Figure X shows the City's areas of responsibility.

Subject to negotiation, the City may also enter an agreement with the Marina Manager (the Department Transport) for the general maintenance of the internal beach and associated boardwalks.

6.2 Effect on other persons providing facilities and services in the region

Two existing entities currently provide services from the Ocean Reef Boat Harbour:

- Marine Rescue Whitfords – provision of emergency marine search and rescue services in the Perth metropolitan area. Marine Rescue Whitfords operates from a building currently owned and maintained by the City.
- Ocean Reef Sea Sports Club – recreational club for members providing a wide range of water-based activities as well as social activities including meals and functions. The club operates from a clubhouse currently owned and maintained by the City.

Both Marine Rescue Whitfords and the Ocean Reef Sea Sports Club have been extensively consulted regarding the development of the Marina. The future requirements and needs of both entities have been identified and a commitment to the provision of new facilities has been provided by the State Government (through DevelopmentWA).

At the time of preparing this Plan, the exact specification and design of the new facilities have yet to be finalised. However, it is proposed that the new facilities will provide a greater level of amenity than those currently provided.

The Ocean Reef Sea Sports Club site will be vested to the City and the City will assume ownership of the new club building. It is proposed that the City will enter a lease agreement with the club for club facilities. An additional commercial lease may also be entered into should commercial facilities be co-located with the club facilities.

6.3 Expected financial effect on the City

The on-going financial impact of the Marina on the City has been a key consideration during the life of the project. The financial impact on the City has also been paramount during recent negotiations with DevelopmentWA for the preparation of the Heads of Agreement, Land Transfer Deed, Land Transfer Strategy and Ocean Reef Marina Development Agreement.

The City has developed a financial model to continually monitor the potential impact of the fully developed Marina on the City's operating results and the overall cashflow. This model was used to inform the above agreements and provides the City with confidence that long-term financial sustainability will be achieved. Long-term financial sustainability of the Marina for the City's ratepayers is defined as follows:

- Operating surplus/deficit: Recurring impacts, including depreciation, should be no worse than zero once the Marina is fully developed. This is measured by comparing the estimated future impacts to the existing operating deficit of the Ocean Reef Boat Harbour (currently approximately \$100,000pa).
- Cashflow impacts: The 50-year cashflow impacts are zero or positive when compared to baseline.

This Plan does not contend that the financial projections will come to pass exactly as forecast. However, it is considered that the model used, and the assumptions applied, provide sufficient confidence that the impacts are financially sustainable. The actual expenses and income may vary due to the following:

- Specification of the civil infrastructure (lighting, roads, paths, drainage) and the final specification of the parks and public open spaces.
- Useful life of assets and utilisation, wear and tear of public assets.
- Rates assessments of the residential and commercial areas by the Valuer General.
- Application of public parking fees.
- Economic and market factors.
- Phasing of development and market take-up of private areas.

It has been agreed that the City be involved in the development of the specifications and design of the civil infrastructure, public open spaces and any other matters that may financially impact the City.

(a) Financial Projections

(i) *Scenarios*

Based on a set of assumptions, the financial model evaluated three scenarios with a comparison against baseline:

| SCENARIO | | COMMENTS |
|----------|----------------|---|
| | Baseline | The current income and expenses of the existing and buildings, as they impact on the City's financials. |
| 1 | Best Case | Most favourable financial impact. Assumes highest values for rates income, parking fees and the lowest impact for expenses. |
| 2 | Realistic Case | Most likely set of assumptions in terms of on-going responsibilities and prudent assumptions for new income and expenses. |
| 3 | Worst Case | Least favourable financial impact. Lowest value for rates income and parking fees, highest cost for expenses. |

Where possible, if some values/assumptions can be fixed then the same values are used for each of the above three scenarios.

(ii) *Strands*

The financial model covers five separate impact strands:

- One-off project impacts
- Rates Income
- Parking
- Infrastructure Services
- Ocean Reef Sea Sports Club and Marine Rescue Whitfords

The financial projections reported in this Plan includes the summary financial impacts only.

(iii) *Whole of Life approach*

The City applies a whole-of-life approach to all projects and uses a wide number of tools to ensure it is financially sustainable both now and in the future. The ongoing operational impacts are assessed as much as the one-off costs. This ensures that the overall costs over the long-term are evaluated and budgeted.

(iv) *Current Asset Values*

A detailed review of the City's current assets and values at the existing Ocean Reef Boat Harbour was undertaken in 2019 with a further land valuation assessment undertaken in June 2020. Table 1 summarises the current assets and values (CRC means Current Replacement Cost; WDV means Written Down Values).

Table 1 – Current Asset Values

| Asset | | | | Asset Values | | | |
|--|-------------|---------|-----|---------------------|--------------------|---------|---------|
| Asset | Asset Class | Details | | CRC | WDV | Dates | |
| | | M/ment | Qty | \$ | \$ | Comm | Expiry |
| 1 Ocean Reef Boat Ramp Toilets/Changeroom | Buildings | m2 | 41 | \$171,700 | \$84,006 | Jun-94 | Various |
| 2 Ocean Reef Sea Sports Club | Buildings | m2 | 844 | \$3,483,900 | \$1,981,222 | Jun-80 | Various |
| 3 Telstra Income | Buildings | | | | | | |
| 4 Whitford Volunteer Sea Rescue | Buildings | m2 | 286 | \$939,700 | \$739,344 | Jul-08 | Various |
| 5 Car Park, Access Road, Launch Area & Quays | Transport | Bays | 160 | \$2,878,839 | \$1,597,692 | | |
| 6 Path | Transport | Paths | 24 | \$287,921 | \$191,276 | | |
| 7 Jetties | Transport | Jetties | 6 | \$815,000 | \$724,229 | Sep-15 | Jul-50 |
| 8 Marine | Parks | Assets | 5 | \$2,830,000 | \$1,270,984 | Various | Various |
| 9 Lighting | Lighting | Lights | 24 | \$153,517 | \$65,875 | Various | Various |
| 10 Parks | Parks | Assets | 87 | \$677,184 | \$376,321 | Various | Various |
| 11 Drainage | Drainage | Assets | 22 | \$80,593 | \$53,062 | | |
| 12 Lot 1029 | Land | | | \$1 | \$1 | | |
| 13 Lot 1032 | Land | | | \$1 | \$1 | | |
| TOTAL | | | | \$12,318,356 | \$7,084,013 | | |

(v) **One-off Future Project Costs**

Table 2 summarises the future one-off costs based on the following key assumptions:

- On-going City project costs.
- Parking infrastructure.
- Capital costs to derive a commercial income stream.

Table 2: One-off future project costs

| One-off Future Project Costs | Scenario1 | Scenario2 | Scenario3 |
|--|------------------|------------------|------------------|
| | Best Case | Realistic | Worst Case |
| | \$000s | \$000s | \$000s |
| 1 City Projects Future Costs | (\$697) | (\$697) | (\$697) |
| 2 Parking Infrastructure | (\$270) | (\$270) | (\$50) |
| 3 Capital costs to derive commercial income stream | (\$3,717) | (\$3,561) | (\$3,005) |
| One-off Future Project Costs | (\$4,684) | (\$4,528) | (\$3,752) |

(vi) **Operating Income (excluding escalation)**

Table 3 summarises the estimated annual income derived from a fully developed Marina (currently assumed to be 2032-2033).

Table 3: Operating Income

| Operating Income excluding escalation | Baseline Current I&E \$000s | Scenario1 Best Case \$000s | Scenario2 Realistic \$000s | Scenario3 Worst Case \$000s |
|--|--|---|---|--|
| 1 Rates Income | \$0 | \$2,571 | \$2,251 | \$2,197 |
| 2 Parking Income | \$152 | \$979 | \$607 | \$235 |
| 3 Club & Commercial Income | \$60 | \$340 | \$308 | \$284 |
| Operating Income vs Baseline | \$212 | \$3,891 | \$3,166 | \$2,715 |
| | | \$3,679 | \$2,953 | \$2,503 |

(vii) Operating expenses including Depreciation (excluding escalation)

The City will receive a significant new income stream from the Marina. However, the City will incur additional expenses from maintaining, operating and replacing the public open space, civil infrastructure and other public infrastructure. Table 4 summarises the estimated expenditure.

Table 4: Operating Expenses

| Operating Expenses Including Depreciation excluding escalation | Baseline Current I&E \$000s | Scenario1 Best Case \$000s | Scenario2 Realistic \$000s | Scenario3 Worst Case \$000s |
|---|--|---|---|--|
| 1 Infrastructure Services Maintenance | (\$63) | (\$1,051) | (\$1,096) | (\$1,169) |
| 2 Parking | (\$4) | (\$378) | (\$378) | (\$210) |
| 3 Clubs & Commercial expenses | (\$154) | (\$211) | (\$209) | (\$201) |
| 4 Depreciation Infrastructure | (\$101) | (\$1,146) | (\$1,206) | (\$1,272) |
| Operating Expenses & Depreciation Total vs Baseline | (\$322) | (\$2,787) | (\$2,889) | (\$2,852) |
| | | (\$2,465) | (\$2,567) | (\$2,530) |

(viii) Operating surplus/(Deficit) summary (excluding escalation)

Table 5 compares the estimated recurring impacts (in today's dollars) once the Marina is fully developed. The table compares the existing deficit to future income and expenses. The realistic scenario assumes a positive financial outcome of \$277,000 per annum with the worst case scenario resulting in a deficit of \$137,000 per annum. It should be noted that the worst case captures the most pessimistic scenario for all areas which is highly unlikely to materialise.

Table 5 – Operating Surplus/(Deficit) summary

| Operating Surplus excluding escalation | Baseline | Scenario1 | Scenario2 | Scenario3 |
|--|----------------|----------------|--------------|----------------|
| | Current I&E | Best Case | Realistic | Worst Case |
| | \$000s | \$000s | \$000s | \$000s |
| Operating Income | \$212 | \$3,891 | \$3,166 | \$2,715 |
| Operating Expenses, including Depreciation | (\$322) | (\$2,787) | (\$2,889) | (\$2,852) |
| Operating Surplus vs Baseline | (\$110) | \$1,104 | \$277 | (\$137) |
| | | \$1,214 | \$386 | (\$27) |

(ix) *Total cash flows to 2069-2070*

The whole-of-life cash flows have been projected over a 50-year period and includes estimated escalation. Table 6 indicates that the realistic scenario would achieve a positive cashflow outcome of \$25.6 million versus baseline.

Table 6: Overall cashflow total including escalation

| Option Summary Overall Cashflow Totals including Escalation | Baseline | Scenario1 | Scenario2 | Scenario3 |
|---|-------------|----------------|---------------|-----------------|
| | Current I&E | Best Case | Realistic | Worst Case |
| One-off Costs | | (\$4.7) | (\$4.6) | (\$3.8) |
| Depreciation / Asset Replacement | (\$17.2) | (\$132.3) | (\$137.8) | (\$141.4) |
| Operating Cash Expenses | (\$15.8) | (\$141.9) | (\$145.4) | (\$139.4) |
| Operating Income | \$21.7 | \$372.0 | \$302.1 | \$258.2 |
| Cashflow Total | (\$11.2) | \$93.1 | \$14.3 | (\$26.4) |
| vs Baseline | | \$104.3 | \$25.6 | (\$15.2) |

6.4 Effect on matters referred to in the Plan for the Future

The development of the Marina is reflected in the City's *Joondalup 2022 - Strategic Community Plan 2012-2022* (July 2018), *Local Planning Strategy* (November 2017) and *Economic Development Strategy – Expanding Horizons* (2017).

Joondalup 2022 recognised the Marina project as an “essential catalyst for regional tourism development and the provision of diverse housing and accommodation options”. *Joondalup 2022* also states that “the benefits that it [the Marina] will bring socially, economically and environmentally to the local and regional community is what will drive the City to continue pursuing the project into the future”.

The Ocean Reef Marina Project Philosophy and Parameters (endorsed by Council in May 2009, Item JSC05-05/09 refers) articulated for the record and historical purposes the intent of Council in progressing the Marina project. In endorsing the Project Philosophy and

Parameters, Council noted that the Marina site had been recognised as having the potential for development as a major tourism and recreation node for over 30 years.

It should be noted that the Marina project is also reflected in the *North-West Sub-regional Planning Framework* (Western Australian Planning Commission, 2018).

6.5 The ability of the City to manage the performance of the transaction

Need to determine a definition of “performance of the transaction” – potentially needs to include financial as well as the info below.

The City has developed a *Strategic Finance Plan* which projects the City’s financial position over a 10 or 20 year period. This plan enables the City to assess necessary funding requirements, to afford capital replacement programs and new capital projects as well as the City’s capacity to maintain overall financial sustainability into the long-term future.

The *Strategic Financial Plan* is continually monitored and updated to include major projects such as the Marina.

To facilitate and manage its operational responsibilities, the City has developed and implemented the following:

- Asset Management Strategy (incorporating the Asset Management and Building Asset Management Plans)
- Property Management Framework
- Five-Year Capital Works Program
- Waste Management Plan
- Weed Management Plan
- Road Asset Management Plan

The Corporate Business Plan is the City’s five-year service and project delivery program. It is aligned to the strategic direction and priorities set within *Joondalup 2022* and reflects actions in the City’s Capital Works Program and informing strategies.

The purpose of the plan is to demonstrate the operational capacity of the City to achieve its aspirational outcomes and objectives over the medium-term. All operational planning and reporting is driven by the Corporate Business Plan which is reviewed annually to ensure priorities are achievable and effectively timed.

The Corporate Business Plan:

- Outlines the priority projects and programs the City of Joondalup will deliver over the next five years.
- Links services, projects and programs with the vision of the *Joondalup 2022*.
- Provides detailed milestones for delivery of priority projects and programs in each quarter of the first year.
- Lists the City’s key services and programs with related costs and staffing levels.
- Outlines the City’s operational and capital budgets for the relevant financial year and provides a forecast for the following four years.

- Is informed by the City's long-term Strategic Financial Plan, Workforce Plan and Asset Management Strategy.
- Is a legislative requirement of the WA Integrated Planning and Reporting Framework.
- Is reviewed and updated every year to adapt to changing circumstances and trends.



| | |
|------------------------|---|
| Project Name | Ocean Reef Marina |
| Report | Financial evaluation – Overall Summary |
| Project Sponsor | CEO |
| Project Manager | Senior Project Officer, City Projects |
| HP Records | INT21/4213 |

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1. INTRODUCTION AND BACKGROUND

1.1 Purpose of report

This report is prepared to support the Ocean Reef Marina Business Plan for the major land transaction presented to Council in February 2021. This report summarises the key financials of the estimated impacts to the City of the project and is consistent with the Heads of Agreement prepared in collaboration with DevelopmentWA.

This report includes the summary financial impacts only. There are five separate working papers (strands) that include all assumptions and the source of each value. The five separate strands are:

1. One-off Project Impacts (INT21/4212)
2. Rates Income (INT21/4211)
3. Parking (INT21/4210)
4. Infrastructure Services (INT21/4209)
5. The Clubs and Commercial Income (INT21/4208)

1.2 Out of scope

The following are out of scope:

- Overall project evaluation
- Social & Economic Return on Investment
- Detailed explanation of all assumptions, these are covered in separate strand reports

1.3 Whole of life approach

The City applies a whole-of-life approach to all projects and uses a wide number of tools to ensure it is financially sustainable both now and in the future. The ongoing operational impacts are assessed as much as the one-off costs. This ensures that the overall costs of a project over the long-term are evaluated and budgeted.

1.4 Disclaimer

This report does not contend that the financial projections will come to pass exactly as stated but are the best available estimate at this point in time. There is a level of risk and uncertainty in most of the projections. The actual impacts will vary due to one or more the following:

- Final concept plan, detailed design
- GRVs applied for rates income
- Parking – ability or willingness of City to charge fees
- Cost and specification of public/civil infrastructure that the City has eventual responsibility to maintain and replace
- Outcomes of negotiations with DevelopmentWA.

The financial projections will continue to be updated at each key stage of the project.

1.5 Scenarios

Each of the five strands that are subject to financial evaluation contain the following four sets of financials. has

| Scenario | | Comments |
|----------|------------|---|
| | Baseline | The current income and expenses of the existing marina, as they currently impact on the financials for the City. |
| 1 | Best Case | Most favourable financial impact |
| 2 | Realistic | Most likely set of assumptions in terms of ongoing responsibilities, operating income and expenses. These assumptions should be reasonably prudent and avoid overestimating potential benefits to the City. |
| 3 | Worse Case | Least favourable financial impact, which may be dependent on operating assumptions such as paid parking |

Where possible, if some values/assumptions were fixed then the same values were used for each of the three scenarios.

2 ONE-OFF IMPACTS

2.1 Sunk costs

From 2005/06 until now, the City has spent approximately \$6.8m to develop the project and received \$1.3m in grants, resulting in a net cost to the City of \$5.5m. The allocation of funds to the project enabled the City to progress with the project in accordance with the endorsed Project Philosophy and Parameters (Item JSC05-05/09 refers). The Heads of Agreement acknowledges that the City will not receive compensation for its sunk costs. The financial evaluation indicates there will be sufficient recurring income to cover both future expenses and the sunk costs.

2.2 Land transfers

The project now has the following assumptions for land transfers from/to the City:

- To facilitate the project, the City needs to transfer to the State Government Lots 1029 and 1032 at a nominal (\$1) value in accordance with clause 6.1(g) of the MOU. In 2020 the City received land valuation advice which confirmed the nominal value and the City's asset register has been updated to reflect this value. The draft Heads of Agreement is also consistent with this. At present these lots have minimal market value but once developed will provide income to the City in the form of rates revenue, paid parking, and, potentially, commercial leases.
- The balance of Lot 1029 not required for the project will be transferred back to the City in freehold.
- The Beach Carpark (marked 24 on the current concept plan) will be transferred to the City in freehold.
- In addition the Ocean Reef Sea Sports Club (ORSSC) site will be created as a Crown Reserve with a Management Order (containing the power to lease) granted to the City. This, potentially, provides the City the opportunity to construct commercial facilities and derive an income stream, which has now been factored into the financial estimates.

2.3 Projected one-off costs

The table below summarises the future one-off costs, there is now a much smaller difference between the three scenarios as the key assumptions are mostly consistent. The key assumptions are:

- City project costs comprise of internal staff costs to support the project and other external costs such as legal advice.
- Parking infrastructure comprises of signs (all scenarios), and for Scenario 1 and 2 ticket machines to support paid parking.
- Capital costs to derive commercial income stream – the range of potential capital estimates for the City is between \$3m and \$3.7m, but these are desktop assumptions and would require further scoping, and detailed design at a later stage.

Ideally the City would not have to invest any more one-off expenditure into the project, but these costs are affordable to the City and most importantly will provide recurring income streams that more than offset the expenses.

| One-off Future Project Costs | Scenario1 | Scenario2 | Scenario3 |
|--|------------------|------------------|------------------|
| | Best Case | Realistic | Worst Case |
| | \$000s | \$000s | \$000s |
| 1 City Projects Future Costs | (\$697) | (\$697) | (\$697) |
| 2 Parking Infrastructure | (\$270) | (\$270) | (\$50) |
| 3 Capital costs to derive commercial income stream | (\$3,717) | (\$3,561) | (\$3,005) |
| One-off Future Project Costs | (\$4,684) | (\$4,528) | (\$3,752) |

3 OPERATING ASSUMPTIONS – STEADY STATE (2032/33)

3.1 Operating income (excluding escalation)

The table below summarises the estimated annual income once the marina is fully developed, which is currently assumed to be 2032/33. This shows that the City could realistically expect to achieve over \$3m of new income. The worst case is \$2.7m which is lower based on lower GRVs and if the City decides not to apply parking fees. The best case may be achieved if a higher fee for parking was applied and higher GRVs/rates revenue received.

| Operating Income excluding escalation | Baseline Current I&E \$000s | Scenario1 Best Case \$000s | Scenario2 Realistic \$000s | Scenario3 Worst Case \$000s |
|--|-----------------------------------|----------------------------------|----------------------------------|-----------------------------------|
| 1 Rates Income | \$0 | \$2,571 | \$2,251 | \$2,197 |
| 2 Parking Income | \$152 | \$979 | \$607 | \$235 |
| 3 Club & Commercial Income | \$60 | \$340 | \$308 | \$284 |
| Operating Income vs Baseline | \$212 | \$3,891 \$3,679 | \$3,166 \$2,953 | \$2,715 \$2,503 |

3.2 Project expenses

The City has evaluated all potential expenses for the Ocean Reef Marina project as follows:

- One-off staff costs and consultancy costs until 2026-27.
- Parking operations: Two new parking officers are assumed to be required to monitor and enforce car parking. There would also be infringement expenses associated with any infringements issued.
- In line with the development vision, the public spaces (including parks) will require a high level of maintenance. The City has referenced the current expenses from Tom Simpson Park as a baseline with added costs reflecting the higher specification.
- Civil infrastructure maintenance (roads, foot and cycle paths, drainage, lighting and car parks).
- Maintenance of other public amenities such as toilets and changerooms.
- Depreciation and capital replacement estimates are required for all civil infrastructure and the public open space managed, maintained and operated by the City. The City has applied its own useful life assumptions to the established capital costs.

3.3 Operating expenses including Depreciation (excluding escalation)

Whilst the City will receive a significant new income stream, there will also be responsibilities for maintaining the public infrastructure and replacement thereof, which will have a financial impost as shown on the table below. The estimates are based on the most up-to-date available information and will continue to be updated as more information and detailed specifications are developed. The worst case is lower than realistic because it assumes no paid parking and therefore no expenses for parking machines.

| Operating Expenses Including Depreciation excluding escalation | Baseline Current I&E \$000s | Scenario1 Best Case \$000s | Scenario2 Realistic \$000s | Scenario3 Worst Case \$000s |
|---|-----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| 1 Infrastructure Services Maintenance | (\$63) | (\$1,051) | (\$1,096) | (\$1,169) |
| 2 Parking | (\$4) | (\$378) | (\$378) | (\$210) |
| 3 Clubs & Commercial expenses | (\$154) | (\$211) | (\$209) | (\$201) |
| 4 Depreciation Infrastructure | (\$101) | (\$1,146) | (\$1,206) | (\$1,272) |
| Operating Expenses & Depreciation Total vs Baseline | (\$322) | (\$2,787) (\$2,465) | (\$2,889) (\$2,567) | (\$2,852) (\$2,530) |

3.4 Operating surplus/(Deficit) summary (excluding escalation)

The table below summarises the operating income and operating expenses and compares to the baseline. The realistic scenario is assumed to achieve a positive financial outcome of \$277k which is \$386k better than the current baseline. The worst case could result in a deficit of \$137k per year, which is slightly worse than the current baseline, but it should be emphasised that the worst case captures the most pessimistic scenario for all areas and is highly unlikely to materialise. The best case could provide benefits to the City of over \$1m per year.

| Operating Surplus excluding escalation | Baseline Current I&E \$000s | Scenario1 Best Case \$000s | Scenario2 Realistic \$000s | Scenario3 Worst Case \$000s |
|---|-----------------------------------|----------------------------------|----------------------------------|-----------------------------------|
| Operating Income | \$212 | \$3,891 | \$3,166 | \$2,715 |
| Operating Expenses, including Depreciation | (\$322) | (\$2,787) | (\$2,889) | (\$2,852) |
| Operating Surplus vs Baseline | (\$110) | \$1,104 \$1,214 | \$277 \$386 | (\$137) (\$27) |

4 CASH FLOW ANALYSIS

4.1 Phasing assumptions

The financial estimates have been prepared on a prudent basis, and it is assumed that the expenses will be incurred several years earlier than the eventual steady-state income. As per the draft Heads of Agreement it is assumed that the City will take responsibility for maintenance of public areas two years after practical completion. Although the expenses will be incurred before the income materialises a large part of this is a non-cash expense, depreciation.

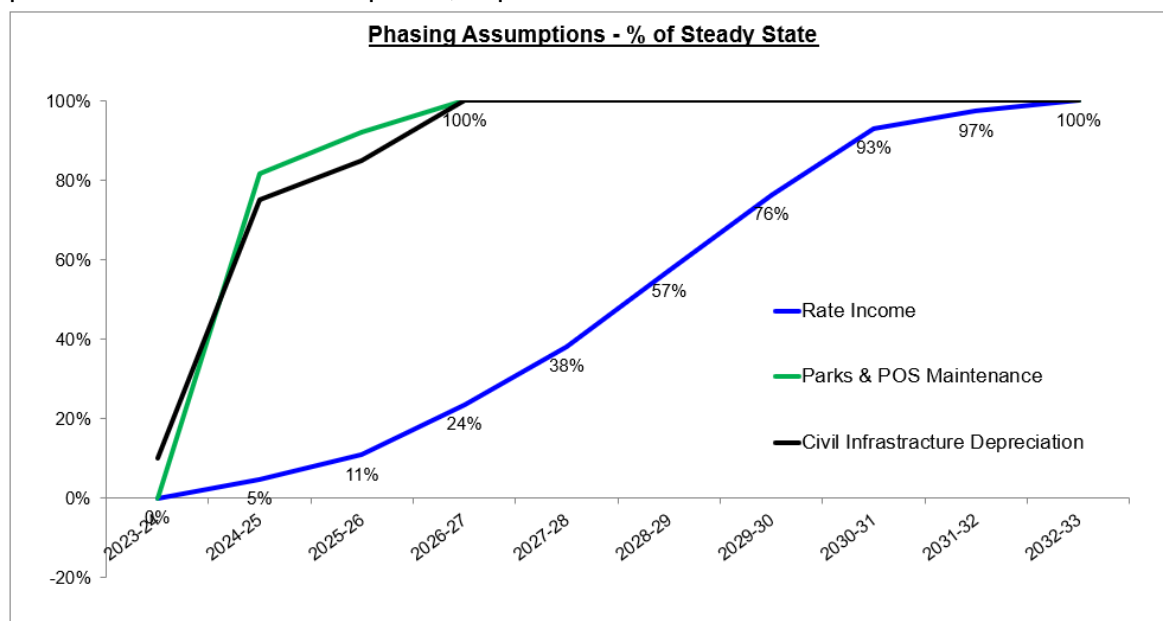


Figure 1 provides the staging plan prepared by DevelopmentWA (date March 2020) and the table below indicates the approximate dates for the commencement and completion of each stage. It should be noted that the completion dates do not factor in the time taken to develop the prepared lots and for rates income to be derived. The City has made the prudent assumption that it would take until 2033-33 for the realisation of the full rates revenue.

| Staging Assumptions | | | | |
|----------------------------|-----------------------------|----------------|-----------------|-----------|
| Stage | Location | Works Commence | Duration (Mths) | Works End |
| 1 Forward Works (1) | Breakwater | Sep-20 | 12 | Sep-21 |
| 2 Stage A (2) | Marine Services and Central | Aug-21 | 8 | Apr-22 |
| 3 Stage B (3) | North Central | May-22 | 6 | Nov-22 |
| 4 Stage C (5) | North | Jan-23 | 6 | Jul-23 |
| 5 Stage D (6) | North | Nov-23 | 6 | May-24 |
| 6 Stage E (3) | Central | May-22 | 6 | Nov-22 |

Figure 1: Staging Plan (27 March 2020)



4.2 Total cash flows to 2069/70

The whole-of-life cash flows have been projected over a 50 year period and includes estimated escalation. By evaluating over such a long period ensures that the long-term impacts can be evaluated. The table below summarises the overall cash flow impacts and includes all the cash flows in the previous sections (one-off impacts, income, expenses, capital replacement and escalation). The table indicates that the realistic scenario would achieve a positive cashflow outcome of \$25.6m versus the baseline, which is much higher than the sunk costs of \$5.5m and asset values.

| Option Summary Overall Cashflow Totals including Escalation | Baseline | Scenario1 | Scenario2 | Scenario3 |
|---|-------------|-----------|-----------|------------|
| | Current I&E | Best Case | Realistic | Worst Case |
| One-off Costs | | (\$4.7) | (\$4.6) | (\$3.8) |
| Depreciation / Asset Replacement | (\$17.2) | (\$132.3) | (\$137.8) | (\$141.4) |
| Operating Cash Expenses | (\$15.8) | (\$141.9) | (\$145.4) | (\$139.4) |
| Operating Income | \$21.7 | \$372.0 | \$302.1 | \$258.2 |
| Cashflow Total | (\$11.2) | \$93.1 | \$14.3 | (\$26.4) |
| vs Baseline | | \$104.3 | \$25.6 | (\$15.2) |

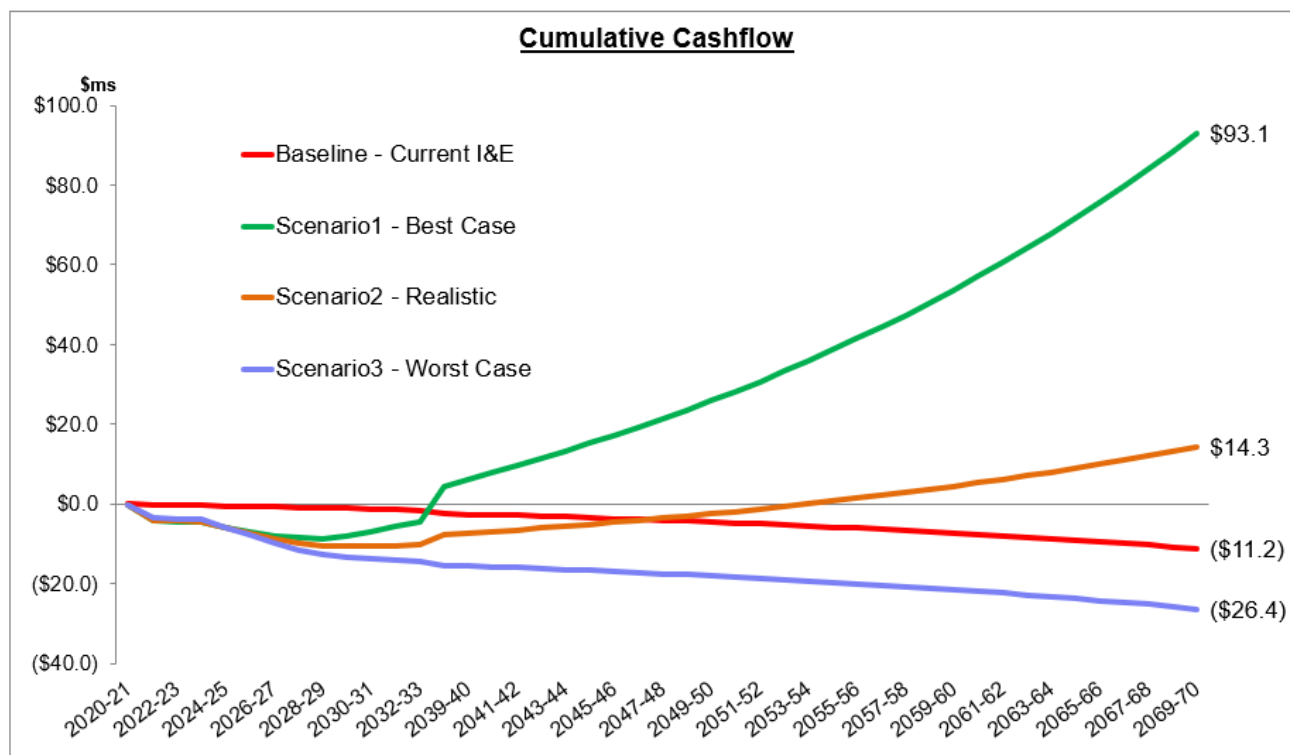
4.3 15-Year Cashflows

The table below shows the cash flow projections for the first 15 years of the development. The 15 year cashflow is provided for the realistic scenario only.

| Summary by Year | | FY | | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | 2032-33 | 2033-34 | 2034-35 |
|--|------|-------|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Scenario2 | | RFS | 15 Year Total | RFS | | | | | | | | | | | | | | |
| One-Off Impacts | | Op Yr | | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 | Yr 6 | Yr 7 | Yr 8 | Yr 9 | Yr 10 | Yr 11 | Yr 12 | Yr 13 | Yr 14 | Yr 15 |
| City Project Costs - Future | \$ms | | (\$0.7) | (\$0.2) | (\$0.1) | (\$0.1) | (\$0.1) | (\$0.1) | (\$0.1) | (\$0.1) | | | | | | | | |
| Parking Infrastructure | \$ms | | (\$0.3) | | | | | (\$0.0) | (\$0.0) | (\$0.0) | | | | (\$0.3) | | | | |
| Capital costs to derive commercial income stream | \$ms | | (\$3.6) | | (\$3.6) | | | | | | | | | | | | | |
| Total One-Off Impacts | \$ms | | (\$4.6) | (\$0.2) | (\$3.7) | (\$0.1) | (\$0.1) | (\$0.1) | (\$0.1) | (\$0.1) | | | | (\$0.3) | | | | |
| Operating Cash Expenses | | | | | | | | | | | | | | | | | | |
| Infrastructure Maintenance | \$ms | | (\$3.8) | (\$0.0) | (\$0.0) | | (\$0.0) | (\$0.2) | (\$0.3) | (\$0.3) | (\$0.3) | (\$0.3) | (\$0.3) | (\$0.4) | (\$0.4) | (\$0.4) | (\$0.4) | (\$0.4) |
| Park & POS Maintenance | \$ms | | (\$8.9) | (\$0.0) | (\$0.0) | | | (\$0.6) | (\$0.7) | (\$0.8) | (\$0.8) | (\$0.8) | (\$0.8) | (\$0.8) | (\$0.9) | (\$0.9) | (\$0.9) | (\$0.9) |
| Parking Operating Expenses | \$ms | | (\$3.5) | (\$0.0) | (\$0.0) | | | (\$0.2) | (\$0.2) | (\$0.2) | (\$0.2) | (\$0.2) | (\$0.2) | (\$0.4) | (\$0.4) | (\$0.4) | (\$0.4) | (\$0.5) |
| Toilets/Changeooms Operating Expenses | \$ms | | (\$0.8) | (\$0.0) | (\$0.0) | | | | | (\$0.1) | (\$0.1) | (\$0.1) | (\$0.1) | (\$0.1) | (\$0.1) | (\$0.1) | (\$0.1) | (\$0.1) |
| Club Buildings Operating Expenses | \$ms | | (\$0.8) | (\$0.1) | (\$0.1) | (\$0.0) | (\$0.0) | (\$0.0) | (\$0.0) | (\$0.0) | (\$0.0) | (\$0.0) | (\$0.0) | (\$0.1) | (\$0.1) | (\$0.1) | (\$0.1) | (\$0.1) |
| Total Operating Cash Expenses | \$ms | | (\$17.7) | (\$0.2) | (\$0.2) | (\$0.0) | (\$0.1) | (\$1.0) | (\$1.2) | (\$1.4) | (\$1.5) | (\$1.5) | (\$1.5) | (\$1.7) | (\$1.8) | (\$1.8) | (\$1.9) | (\$1.9) |
| Operating Income | | | | | | | | | | | | | | | | | | |
| Rates Income | \$ms | | \$18.8 | | | | (\$0.0) | \$0.1 | \$0.2 | \$0.6 | \$0.9 | \$1.4 | \$1.9 | \$2.4 | \$2.6 | \$2.8 | \$2.8 | \$2.9 |
| Parking Income | \$ms | | \$7.7 | \$0.2 | \$0.2 | | | \$0.4 | \$0.5 | \$0.6 | \$0.7 | \$0.7 | \$0.7 | \$0.7 | \$0.7 | \$0.7 | \$0.8 | \$0.8 |
| Club & Commercial Income | \$ms | | \$4.4 | \$0.1 | \$0.1 | \$0.0 | \$0.3 | \$0.3 | \$0.3 | \$0.3 | \$0.3 | \$0.3 | \$0.4 | \$0.4 | \$0.4 | \$0.4 | \$0.4 | \$0.4 |
| Total Operating Income | \$ms | | \$30.8 | \$0.2 | \$0.2 | \$0.0 | \$0.3 | \$0.9 | \$1.1 | \$1.5 | \$1.9 | \$2.4 | \$3.0 | \$3.5 | \$3.7 | \$3.9 | \$4.0 | \$4.1 |
| Operating Surplus/(Deficit) | \$ms | | \$13.1 | \$0.1 | \$0.1 | (\$0.0) | \$0.2 | (\$0.2) | (\$0.1) | \$0.2 | \$0.5 | \$0.9 | \$1.5 | \$1.8 | \$1.9 | \$2.1 | \$2.1 | \$2.2 |
| Depreciation / Asset Replacement | | | | | | | | | | | | | | | | | | |
| Depreciation - Infrastructure Services | \$ms | | (\$15.1) | (\$0.1) | (\$0.1) | | (\$0.1) | (\$1.0) | (\$1.1) | (\$1.3) | (\$1.3) | (\$1.3) | (\$1.4) | (\$1.4) | (\$1.4) | (\$1.5) | (\$1.5) | (\$1.6) |
| Depreciation - Parking Infrastructure | \$ms | | (\$0.2) | | | | | (\$0.0) | (\$0.0) | (\$0.0) | (\$0.0) | (\$0.0) | (\$0.0) | (\$0.0) | (\$0.0) | (\$0.0) | (\$0.0) | (\$0.0) |
| Depreciation - Club & Commercial Buildings | \$ms | | (\$2.6) | (\$0.1) | (\$0.1) | (\$0.2) | (\$0.2) | (\$0.2) | (\$0.2) | (\$0.2) | (\$0.2) | (\$0.2) | (\$0.2) | (\$0.2) | (\$0.2) | (\$0.2) | (\$0.2) | (\$0.2) |
| Total Depreciation / Asset Replacement | \$ms | | (\$17.9) | (\$0.2) | (\$0.2) | (\$0.2) | (\$0.2) | (\$1.2) | (\$1.3) | (\$1.5) | (\$1.5) | (\$1.5) | (\$1.6) | (\$1.6) | (\$1.7) | (\$1.7) | (\$1.8) | (\$1.8) |
| Annual Surplus, including Depreciation | \$ms | | (\$9.4) | (\$0.3) | (\$3.8) | (\$0.3) | (\$0.1) | (\$1.5) | (\$1.5) | (\$1.4) | (\$1.0) | (\$0.6) | (\$0.1) | (\$0.1) | \$0.3 | \$0.3 | \$0.3 | \$0.4 |
| Annual Surplus, excluding Depreciation | \$ms | | \$8.5 | (\$0.1) | (\$3.6) | (\$0.1) | \$0.1 | (\$0.3) | (\$0.2) | \$0.1 | \$0.5 | \$0.9 | \$1.5 | \$1.5 | \$1.9 | \$2.1 | \$2.1 | \$2.2 |

4.4 Cumulative cash flows

The following graph shows the cash flows on a cumulative basis for each scenario, this shows that the realistic scenario would have a better financial outcome than the baseline after 34 years.



5 COMPARISON TO PREVIOUS FORECAST

5.1 Operating Surplus / (deficit) – excluding escalation (2032/33)

All of section 5 relates to the annual recurring values as at 2032/33, excluding escalation. The recurring values are the most important values in the model as they have the largest ongoing impact and therefore these values should be used as the key comparison to previous forecasts.

5.2 Previous forecast (March 2020)

The previous forecast provided to the Major Projects and Finance Committee in March 2020 was based mostly on internal City assumptions and had a high level of volatility i.e. large difference between the best, realistic and worst case. The previous realistic forecast indicated a potential surplus of \$832k per year, a best case of \$2.9m and worst case of \$66k which indicated the high level of volatility at that time. As mentioned at that time, the City were keen to improve the confidence of the assumptions, and this has now been addressed.

5.3 Revised forecast (Jan 2021) versus previous forecast (March 2020)

The table below summarises the revised annual operating surplus/deficit versus the previous estimate. Since March 2020 the City has strived to obtain as much information possible and undertaken further internal reviews. During 2020 DevelopmentWA engaged McGees Property to undertake a separate independent analysis of the impacts to the City, this analysis has been an excellent reference point and comparator for the City, particularly the rates estimates. Meanwhile the City was also provided with the Landscape Master Plan desk top costings, which indicated a much larger cost than the high-level assumptions by the City initially anticipated.

All of the new data has been evaluated in detail and used to inform the updated financial model. An internal negotiation team was established in November 2020 which successfully negotiated improvements to the financial outcome for the City (most notably paid parking and commercial income stream at the Ocean Reef Sea Sports Income).

The realistic scenario is now \$556k lower than the previous estimate, this is primarily due to the updated estimates for maintenance/depreciation of the Parks and Public Open Space. But more importantly the confidence of the assumptions is now more robust, and this is reflected in a much smaller difference between the realistic scenario and the best case/worst case. It is also vital to emphasise that the realistic scenario is closer (and more prudent) to the worst case, than the best case.

| Revised Projection versus Previous Projection | Baseline | Scenario1 | Scenario2 | Scenario3 |
|--|---------------|------------------|----------------|---------------|
| | Current I&E | Best Case | Realistic | Worst Case |
| | \$000s | \$000s | \$000s | \$000s |
| Updated Projection (Jan 2021) | (\$110) | \$1,104 | \$277 | (\$137) |
| Previous Projection (Mar 2020) | (\$99) | \$2,895 | \$832 | (\$66) |
| Revised Projection versus Previous Projection | (\$10) | (\$1,790) | (\$556) | (\$70) |

6 SUMMARY

6.1 Financial summary

The Ocean Reef Marina is highly likely to provide a positive financial outcome to the City, both in terms of the recurring operating impacts and the overall cashflow. Meanwhile there will be significant economic and social benefits to the local and regional economy.

6.2 Strategic Financial Plan

The City has included the estimated project costs in the latest Strategic Financial Plan (noted by Council in October 2020). The next update of the plan will be prepared in May 2021 and will include the most up-to-date financial estimates for the Ocean Reef Marina project, including other one-off costs and the recurring expenses and income. Whilst the project may result in an operating deficit in the earlier years until the steady-state income is achieved, this need not result in additional increases to rates income for those years.

Risk Register

Filter: Portfolio(s): PROJECT - Ocean Reef Marina

RESIDUAL
-
NOT
ASSESSED

INHERENT

8.0

R00767

PROJECT - OCEAN REEF MARINA, RMF - SERVICE DELIVERY, THEME - FINANCIAL SUSTAINABILITY

Loss of power to influence project outcomes due to non-approval of project development agreement

OWNER Genevieve HUNTER

CREATED 26/02/2020 2:57:09 PM

LIKELIHOOD Unlikely

CONSEQUENCE Major

CONTROL OR TREATMENT MC01378

Ensure up to date information is used to review and amend the financial evaluation analysis.

SIGNOFF(S):

Genevieve HUNTER
Alan ELLINGHAM

DUE DATE:

02 Mar 2020

FREQUENCY:

The first Weekday of every month

CONTROL OR TREATMENT MC01379

Undertake negotiations with DevelopmentWA on the Project Development Agreement with the best interests of the City as a priority.

SIGNOFF(S):

Genevieve HUNTER

DUE DATE:

02 Mar 2020

FREQUENCY:

The first Weekday of every month

CONTROL OR TREATMENT MC01380

Provide accurate and up to date information to decision makers through reports to Council/Committee, Mayoral Updates and Chief Executive Officer briefing notes.

SIGNOFF(S):

Genevieve HUNTER

DUE DATE:

02 Mar 2020

FREQUENCY:

The first Weekday of every month

CONTROL OR TREATMENT MC01381

Engage with relevant City Business Units to ensure inputs for infrastructure and operational expenditure and income, required for the financial evaluation analysis reflect changes to specifications/quantities/design made by DevelopmentWA, are accurate.

SIGNOFF(S):

Genevieve HUNTER
Alan ELLINGHAM
Arnan KARTAWIJAYA
Matthew MacPherson
Michael HAMLING

DUE DATE:

02 Mar 2020

FREQUENCY:

The first Weekday of every month

CONTROL OR TREATMENT MC01382

Investigate and report on compliance with the Local Government Act 1995 in regard to proposed land assembly and tenure strategies for the transfer and incorporation of City-owned and managed land required for the Ocean Reef Marina development.

SIGNOFF(S):

Genevieve HUNTER

DUE DATE:

02 Mar 2020

FREQUENCY:

The first Weekday of every month

CONTROL OR TREATMENT MC01383

Obtain and report on legal advice regarding the impact to the City of Project Development Agreement.

SIGNOFF(S):

Genevieve HUNTER

DUE DATE:

02 Mar 2020

FREQUENCY:

The first Weekday of every month

| | | | | | |
|------------------------------------|--|---|--|--|-------------------------------------|
| RESIDUAL 9.6 MEDIUM | PROJECT - OCEAN REEF MARINA, RMF - FINANCIAL LOSS, THEME - FINANCIAL SUSTAINABILITY | | CONTROL OR TREATMENT MC01384 | SIGNOFF(S): | Genevieve HUNTER |
| | Operating deficit continues beyond projections due to changes in the assumptions for financial planning | | Maintain continuous and ongoing engagement with DevelopmentWA and ensure participation in the decision making process on matters affecting the financial impact to City. | DUE DATE: | 02 Mar 2020 |
| INHERENT 12.0 | OWNER Genevieve HUNTER | | CONTROL OR TREATMENT MC01385 | SIGNOFF(S): | Genevieve HUNTER Alan ELLINGHAM |
| | CREATED 26/02/2020 3:08:16 PM | | Monitor, amend and report where applicable, the assumptions used for the financial evaluation analysis arising from changes made to project specifications and staging. | DUE DATE: | 02 Mar 2020 |
| R00768 | LIKELIHOOD Possible | | CONTROL OR TREATMENT MC01386 | FREQUENCY: | The first Weekday of every month |
| | CONSEQUENCE Major | | Ensure any changes to specifications and staging affecting the operating deficit are captured in the 20 Strategic Financial Plan. | SIGNOFF(S): | Genevieve HUNTER Alan ELLINGHAM |
| CONTROL EFFECTIVENESS Adequate | | CONTROL OR TREATMENT MC01390 | DUE DATE: | 02 Mar 2020 | |
| | | Ensure all potential project expenditure, including maintenance and operational costs are accurately captured within the City's budgeting process and the 20 year Strategic Financial Plan. | FREQUENCY: | The first Weekday of every month | |
| | | | SIGNOFF(S): | Genevieve HUNTER Alan ELLINGHAM Arnan KARTAWIJAYA Matthew MacPherson Michael HAMLING Roney OOMMEN | |
| | | | DUE DATE: | 02 Nov 2020 | |
| | | | FREQUENCY: | The first Weekday of every 6 months | |
| | | | | | |
| RESIDUAL 9.6 MEDIUM | PROJECT - OCEAN REEF MARINA, RMF - GOVERNANCE AND COMPLIANCE, THEME - GOVERNANCE AND LEADERSHIP | | CONTROL OR TREATMENT MC01395 | SIGNOFF(S): | Genevieve HUNTER |
| | Loss of project influence and resulting negative impacts due to poor stakeholder relations | | Collaborate and cooperate with DevelopmentWA in a fair and reasonable manner while ensuring the City's best interests are a priority. | DUE DATE: | 02 Mar 2020 |
| INHERENT 12.0 | OWNER Genevieve HUNTER | | CONTROL OR TREATMENT MC01396 | SIGNOFF(S): | Genevieve HUNTER |
| | CREATED 26/02/2020 3:58:15 PM | | Maintain and enhance the City's relationship with the Ocean Reef Sea Sports Club and Marine Rescue Whitfords and assist where possible to ensure their best interests are considered during decision making. | DUE DATE: | 02 Mar 2020 |
| R00771 | LIKELIHOOD Possible | | CONTROL OR TREATMENT MC01397 | FREQUENCY: | The first Weekday of every 2 months |
| | CONSEQUENCE Major | | Maintain and enhance the City's relationship with senior State Government stakeholders and provide assistance when required and appropriate. | SIGNOFF(S): | Genevieve HUNTER Garry HUNT |
| CONTROL EFFECTIVENESS Adequate | | | DUE DATE: | 02 Mar 2020 | |
| | | | FREQUENCY: | The first Weekday of every 2 months | |

| | | | | | |
|---------------------------|---|--|---|-------------|----------------------------------|
| RESIDUAL 7.2 MEDIUM | PROJECT - OCEAN REEF MARINA | | CONTROL OR TREATMENT MC01387 | SIGNOFF(S): | Genevieve HUNTER |
| | Reputation damage due to unavailability of contributions required or requested for the development | | Maintain and communicate to DevelopmentWA and other stakeholders the City's position that it does intend any further financial contribution to the project and ensure this position is captured in the Project Development Agreement. | DUE DATE: | 02 Mar 2020 |
| INHERENT 9.0 | OWNER Genevieve HUNTER | | CONTROL OR TREATMENT MC01388 | SIGNOFF(S): | Genevieve HUNTER |
| | CREATED 26/02/2020 3:25:29 PM | | Collaborate with DevelopmentWA and other stakeholders to source external and additional funding for the project as appropriate. | DUE DATE: | 02 Mar 2020 |
| R00769 | LIKELIHOOD Possible | | | FREQUENCY: | The first Weekday of every month |
| | CONSEQUENCE Medium | | | | |
| | CONTROL EFFECTIVENESS Adequate | | | | |
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| RESIDUAL 6.4 MEDIUM | PROJECT - OCEAN REEF MARINA, RMF - GOVERNANCE AND COMPLIANCE, THEME - GOVERNANCE AND LEADERSHIP | | CONTROL OR TREATMENT MC01389 | SIGNOFF(S): | Genevieve HUNTER |
| | Insufficient funds to deliver services at the determined level due to lack of stakeholder support | | Ensure all potential project expenditure is captured within the City's budgeting process and the 20 year Strategic Financial Plan. | DUE DATE: | 02 Nov 2020 |
| INHERENT 8.0 | OWNER Genevieve HUNTER | | CONTROL OR TREATMENT MC01391 | SIGNOFF(S): | Genevieve HUNTER |
| | CREATED 26/02/2020 3:41:35 PM | | Provide information and report to decision making bodies through reports to Council/Committee, Mayoral Updates and Chief Executive Officer briefing notes on requests for contributions from DevelopmentWA or stakeholders. | DUE DATE: | 02 Mar 2020 |
| R00770 | LIKELIHOOD Unlikely | | | FREQUENCY: | The first Weekday of every month |
| | CONSEQUENCE Major | | | | |
| | CONTROL EFFECTIVENESS Adequate | | | | |
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| RESIDUAL 6.4 MEDIUM | PROJECT - OCEAN REEF MARINA, RMF - GOVERNANCE AND COMPLIANCE, THEME - GOVERNANCE AND LEADERSHIP | | CONTROL OR TREATMENT MC01392 | SIGNOFF(S): | Genevieve HUNTER |
| | Insufficient funds to deliver services at the determined level due to lack of stakeholder support | | Ensure all decisions made regarding service levels are aligned to the Project Philosophy and Parameters. | DUE DATE: | 02 Mar 2020 |
| INHERENT 8.0 | OWNER Genevieve HUNTER | | CONTROL OR TREATMENT MC01393 | SIGNOFF(S): | Genevieve HUNTER |
| | CREATED 26/02/2020 3:41:35 PM | | Include service deliver levels and timing on when the City is expected to the deliver the relevant services in the Project Development Agreement. | DUE DATE: | 02 Mar 2020 |
| R00770 | LIKELIHOOD Unlikely | | | FREQUENCY: | The first Weekday of every month |
| | CONSEQUENCE Major | | | | |
| | CONTROL EFFECTIVENESS Adequate | | | | |
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| RESIDUAL 6.4 MEDIUM | PROJECT - OCEAN REEF MARINA, RMF - GOVERNANCE AND COMPLIANCE, THEME - GOVERNANCE AND LEADERSHIP | | CONTROL OR TREATMENT MC01394 | SIGNOFF(S): | Genevieve HUNTER |
| | Insufficient funds to deliver services at the determined level due to lack of stakeholder support | | Provide clear and concise information to decision making bodies on any proposed responsibilities the City will have in relation to the level of services as well as the financial implications of providing the services. | DUE DATE: | 02 Mar 2020 |
| INHERENT 8.0 | OWNER Genevieve HUNTER | | | FREQUENCY: | The first Weekday of every month |
| | CREATED 26/02/2020 3:41:35 PM | | | | |
| R00770 | LIKELIHOOD Unlikely | | | | |
| | CONSEQUENCE Major | | | | |
| | CONTROL EFFECTIVENESS Adequate | | | | |