

# minutes

## Special Meeting of Council

MEETING HELD ON

TUESDAY 29 MARCH 2022

### **Acknowledgement of Traditional Custodians**

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

*This document is available in alternate formats upon request*

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### LATE ITEMS / ADDITIONAL INFORMATION

In the event that further documentation becomes available prior to this Special meeting of Council, the following hyperlink will become active:

[AdditionalInformation220329.pdf](#)

# CITY OF JOONDALUP

**SPECIAL COUNCIL MEETING HELD IN THE COUNCIL CHAMBER, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON TUESDAY 29 MARCH 2022**

## DECLARATION OF OPENING

The Mayor declared the meeting open at 7.00pm.

## ANNOUNCEMENT OF VISITORS

### Mayor:

HON. ALBERT JACOB, JP

### Councillors:

CR TOM MCLEAN, JP	North Ward
CR ADRIAN HILL	North Ward
CR NIGE JONES	North Central Ward
CR DANIEL KINGSTON	North Central Ward
CR CHRISTOPHER MAY	Central Ward
CR RUSS FISHWICK, JP	South Ward
CR JOHN RAFTIS	South-West Ward
CR CHRISTINE HAMILTON-PRIME, JP	South-West Ward
CR JOHN LOGAN	South-East Ward
CR JOHN CHESTER	South-East Ward

### Officers:

MR JAMES PEARSON	Chief Executive Officer
MR JAMIE PARRY	Director Governance and Strategy
MR CHRIS LEIGH	Director Planning and Community Development
MR NICO CLAASSEN	Director Infrastructure Services
MR MAT HUMFREY	Director Corporate Services
MRS KYLIE BERGMANN	Manager Governance <i>absent from 7.26pm to 7.29pm</i> <i>absent from 7.39pm to 7.41pm</i>
MR BLIGNAULT OLIVIER	Manager City Projects
MRS DEBORAH GOUGES	Governance Officer
MRS WENDY COWLEY	Governance Officer
MS EMILY POTTS	Acting Governance Officer <i>to 7.23pm</i>

### Guests:

MR SIMON MOEN	Jackson MacDonald
MR MUSTAFA YILDIZ	Jackson MacDonald
MS GISELLE GILNER-PARMENTER	Jackson MacDonald

There were 46 members of the public and no members of the press in attendance.

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

### Disclosures of Financial Interest / Proximity Interest

Nil.

### Disclosures of Interest affecting Impartiality

Elected Members (in accordance with clause 22 of Schedule 1 of the *Local Government [Model Code of Conduct] Regulations 2021*) and employees (in accordance with the Code of Conduct) are required to declare any interest that may affect their impartiality in considering a matter. This declaration does not restrict any right to participate in or be present during the decision-making process. The Elected Member / employee is also encouraged to disclose the nature of their interest.

<b>Name / Position</b>	<b>Mayor Hon. Albert Jacob, JP.</b>
<b>Item No. / Subject</b>	JSC01-03/22 - Ocean Reef Marina – Development Agreement and Land Transfer Deed.
<b>Nature of Interest</b>	Interest that may affect impartiality.
<b>Extent of Interest</b>	Mayor Jacob is a member of the Development WA Steering Committee for the Marina Project.

<b>Name / Position</b>	<b>Cr Daniel Kingston.</b>
<b>Item No. / Subject</b>	JSC01-03/22 - Ocean Reef Marina – Development Agreement and Land Transfer Deed.
<b>Nature of Interest</b>	Interest that may affect impartiality.
<b>Extent of Interest</b>	Cr Kingston is a member of the Edgewater Residents Association which made submissions on the Ocean Reef Marina Business Plan for the Major Land Transaction.

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<b>Extent of Interest</b>	A closely associated person to Cr Kingston, as part of the Joondalup Coast Care Forum, made submissions on the Ocean Reef Marina Business Plan for the Major Land Transaction. A closely associated person to Cr Kingston is a member of the Urban Bush Council which made submissions on the Ocean Reef Marina Business Plan for the Major Land Transaction.

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<b>Nature of Interest</b>	Interest that may affect impartiality.
<b>Extent of Interest</b>	Cr Kingston is the Secretary of the Friends of Yellagonga Regional Park, a member association of the Urban Bush Council. The Urban Bush Council made submissions on the Ocean Reef Marina Business Plan for the Major Land Transaction.

<b>Name / Position</b>	<b>Mr James Pearson, Chief Executive Officer.</b>
<b>Item No. / Subject</b>	JSC01-03/22 - Ocean Reef Marina – Development Agreement and Land Transfer Deed.
<b>Nature of Interest</b>	Interest that may affect impartiality.
<b>Extent of Interest</b>	Mr Pearson is a member of the Ocean Reef Marina Steering Committee.

<b>Name / Position</b>	<b>Mayor Hon. Albert Jacob, JP.</b>
<b>Item No. / Subject</b>	JSC02-03/22 - Ocean Reef Marina – Stage 1 Subdivision Application.
<b>Nature of Interest</b>	Interest that may affect impartiality.
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<b>Nature of Interest</b>	Interest that may affect impartiality.
<b>Extent of Interest</b>	Mr Pearson is a member of the Ocean Reef Marina Steering Committee.

<b>Name / Position</b>	<b>Mayor Hon. Albert Jacob, JP.</b>
<b>Item No. / Subject</b>	JSC03-03/22 - Ocean Reef Marina – Contribution to Ocean Reef Sea Sports Club and Overall Project Financial Evaluation.
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<b>Nature of Interest</b>	Interest that may affect impartiality.
<b>Extent of Interest</b>	Mr Pearson is a member of the Ocean Reef Marina Steering Committee.

## PUBLIC QUESTION TIME

(Please Note: Section 7(4)(b) of the *Local Government (Administration) Regulations 1996* states that Special meeting of Council is not required to answer a question that does not relate to the purpose of the meeting. It is requested that only questions that relate to items on the agenda be asked.)

**The following summarised questions were submitted prior to the Special Council meeting:**

**Ms Kwok, Ocean Reef:**

*Re: Ocean Reef Marina.*

*Q1 It's assumed that Ocean Reef Sea Sports Club (ORSSC) will be able to raise funds towards the construction costs of the new building and at the same time find a significant income to pay the City rent for their contribution and "ownership" of the building. Today, ORSSC facility is iconic, it enjoys some of the most amazing ocean views and sunsets along the WA coast. It will now be relegated to a car park position behind an 8-metre-high seawall. Will the club retain a membership base that will enable such a high rental to be maintained?*

*A1 The lease terms including lease fees will be subject to negotiations between the City as owner/landlord and the ORSSC as tenant. The proposed location of the future ORSSC facility has been negotiated between the City, Development WA and the ORSSC and accepted by all parties. The new location is considered very functional and strategic within the context of the marina development. The ORSSC submitted a funding proposal to the City which has been considered in the preparation of report number 3. Ocean Reef Marina – Contribution to the ORSSC.*

*Q2 Has it been considered that the introduction of "paid" car parking is highly unlikely to "activate" this commercial zone and attract visitors to the marina when Hillarys and Mindarie marinas don't charge for parking?*

*A2 Council will have opportunities to review proposed parking operations, and whether there should be paid parking, as part of annual budget reviews.*

*Q3 Do we have any comparative capital works cost to justify the potential income from boat stacker rentals?*

*A3 The February 2021 financial evaluation included assumptions of income for the boat pens and stackers, of \$237,000 per year. This is subject to future review. The City will not be involved as owner or operator of the pen or stackers. The form of any lease or disposition of the pens and stackers may influence the rateability of them.*

*Q4 Can you comment on the numerous additional uncertainties that would further influence costs in the business case such as management and control in anti-social behaviours; sea wrack management; sand management; daily analysis of water qualities in ocean pool to meet NHMRX requirement; costs for full time life guard in conjunction with SLSWA during all summer months?*

*A4 Predicting the costs of managing this section of coastline has uncertainty, as does predicting the cost of managing other areas of coastline. However, it is considered that the model used, and the assumptions applied, provide sufficient confidence that the impacts are financially sustainable to the City.*

Q5 *Does the State Government has a process in place to remove council if council decided to delay in signing off the agreement?*

A5 The State Government could proceed with this project without further involvement from the City if it chose to do so. A project where the two levels of government work together will produce a better outcome for the residents of the City of Joondalup.

**The following summarised questions were submitted verbally at the Special Council meeting:**

**S Boylan, Mullaloo:**

*Re: Ocean Reef Marina.*

Q1 *On 23 November 2021, Development WA provided a revised Concept Plan to the City of Joondalup, referred to as Subdivision Plan 17074052J and Land Use Plan 17074051J, that has been used to update the financial valuation.*

*When was the revised Concept Plan presented to the community and where can the Plan be found?*

A1 The Director Corporate Services advised that the City of Joondalup has been provided a copy of the revised Concept Plan in order for the City to assess whether to authorise a Form 1A under delegated authority, but as the plans do not belong to the City and are subject to copyright, the City is unable to release a copy of the plans to the public.

Q2 *It is stated in the report that DevelopmentWA are only maintaining the public infrastructure for two years after completion of the project, who will be taking over management of the marina after that time?*

A2 The Director Corporate Services advised that if the Development Agreement is adopted by Council tonight, DevelopmentWA will transfer the public infrastructure over to the City.

The Director Corporate Services added that not all of the infrastructure will transfer to the City, the infrastructure in the southern part of the development will stay with the Marina Manager and the rest of the infrastructure assets will come back to the City.

**M Kwok, Ocean Reef:**

*Re: Ocean Reef Marina.*

Q1 *Are there any risks to the State Government if Council delays the process and can the State Government remove the City of Joondalup from the project?*

A1 The Director Corporate Services advised that DevelopmentWA do have a head of power that would allow them to continue with the development without the City being involved, adding that it is not a straightforward or simple process but DevelopmentWA can apply the powers they have under the *Land Administration Act 1997* to progress the development.



The Director Corporate Services stated that there are ways that DevelopmentWA could continue the development without the involvement of the City, but it is still in DevelopmentWA's best interests to work with the City in good faith, equally it is in the City's best interest to work with DevelopmentWA.

**Q2** *In relation to the risks to the State Government, would the State have to pay out the City of Joondalup, if they remove the City from the process?*

**A2** The Director Corporate Services stated that under the *Land Administration Act 1997* if a management order over crown land is revoked by the State Government, they are required to compensate the management authority for any infrastructure that sits atop of that land.

The Director Corporate Services added that given the work that the State Government is already undertaking by way of providing infrastructure, the carparking areas and the funding that is set aside for the Ocean Reef Sea Sports Club, it is quite arguable that they would not be any worse off if they were to revoke those management orders, noting that the State could progress works on the Ocean Reef Marina without paying a significant amount of financial compensation to the City.

## **PUBLIC STATEMENT TIME**

Statements made at a Special meeting of Council must relate to the purpose for which the meeting has been called.

**The following summarised statements were submitted verbally at the Council meeting:**

**R Lindsay, Ocean Reef:**

*Re: Ocean Reef Marina.*

Mr Lindsay, a life member of the Ocean Reef Sea Sports Club (ORSSC), spoke in favour of the Officer's Recommendation supporting the co-contribution of funding of \$1.75 million towards the proposed ORSSC building by the City and \$1.75 million by the Club.

Mr Lindsay spoke of the Ocean Reef Sea Sports Club's popularity and wide range of demographics and activities the club offers as well as its duty to the community and youth. It was added the club has a registered program for boating for kids, for disabled and disadvantaged children, as well as hosting open days where children are invited to learn various skills and safe practices.

Mr Lindsay explained that the ORSSC has always been financially sustainable, financing past capital projects such as the addition of the clubrooms through members funds and in-kind labour. It was added in 2016, the Club's lease with the City was renewed, and their member funded building was transferred to the City Asset Register, with a value of \$3.5 million.

Mr Lindsay stated the club is looking forward to a bright future with the help of the City of Joondalup towards progressing the proposed ORSSC facility to a reality.

**F McDonnell, Mosman Park:**

*Re: Ocean Reef Marina.*

Mr McDonnell, the General Manager of the Ocean Reef Sea Sports Club (ORSSC), spoke in favour of the Officer's Recommendation supporting the co-contribution of funding of \$1.75 million towards the proposed ORSSC building by the City and \$1.75 million by the Club.

Mr McDonnell said that a focus of the ORSSC is to create more community engagement activities and events, above and beyond sea sports, adding that the club provides a place for activities and events such as; a women's shed, hosting school graduations and fundraising events, fitness groups, salsa dancing and art and craft classes.

Mr McDonnell advised that with the prospects of a new facility for the club this will mean that more activities can be offered to a greater number of members of the community. It was added the club provides recreational and leisure needs to the community and plays an important role in the development of vibrant neighbourhoods by creating a sense of belonging and a safe environment for social interaction.

Mr McDonnell encouraged the City of Joondalup to support the Ocean Reef Sea Sports Club with their funding request towards the development of the new facility.

**K Wood, Joondalup:**

*Re: Ocean Reef Marina.*

Mr Wood, the Commodore of the Ocean Reef Sea Sports Club (ORSSC), spoke in favour of the Officer's Recommendation supporting the co-contribution of funding of \$1.75 million towards the proposed ORSSC building by the City and \$1.75 million by the Club.

Mr Wood emphasised the commitment of the ORSSC and its members to the Ocean Reef Marina project, adding that in two years the clubhouse will be demolished to make way for the new development of the marina and the Ocean Reef Sea Sports Club, including the Joondalup RSL.

Mr Wood advised that at this year's ORSSC Annual General Meeting the members unanimously endorsed the design concept and funding plan for the new club building, with the estimated cost being \$8.3 million with the Club contributing up to \$1.75 million towards the project.

Mr Wood stated for almost 50 years the Ocean Reef Sea Sports Club has provided the community a doorway to the ocean, adding that the Ocean Reef Marina project will provide the City of Joondalup an opportunity to shape the entrance.

**P Gallagher, Ocean Reef:**

*Re: Ocean Reef Marina.*

Mr Gallagher spoke in favour of the Ocean Reef Marina project and requested that the City support the project progressing in a timely fashion.

Mr Gallagher expressed that the community have had enough opportunities to have their say on the project, and the silent majority of the community want the Ocean Reef Marina to proceed.

**M Kwok, Ocean Reef:**

*Re: Ocean Reef Marina.*

Ms Kwok spoke with regards to the Ocean Reef Marina stating that when considering the implications of any financial transaction, Elected Members have a duty to make decisions based on available and accurate information, adding if there are doubts, they have a personal responsibility to delay any decision and seek further information to reduce uncertainty and ensure that appropriate governance has been applied.

Ms Kwok spoke of the ongoing costs to monitor the management of antisocial behaviour, the management of sand and sea wrack, ongoing costs to monitor the water quality for the ocean pool as well as the flushing problems in the marina.

Ms Kwok added that it is never too late to change your mind and do some research before making a decision.

**M Harrison, Mullaloo:**

*Re: Ocean Reef Marina.*

Mr Harrison spoke with regards to the Ocean Reef Marina development agreement and the land transfer deed and with regards to the impact the marina will have on the coastal ecosystem.

Mr Harrison stated that the development agreement, and transfer deed needs to be redrafted to protect the public interest and the total stocks and flows of natural resources and services in the ecosystem surrounding the Ocean Reef Marina and the Natural Capital Accounting (NCA) should be embedded into the legal agreements.

Mr Harrison explained by incorporating the NCA into the legal documents this will ensure that DevelopmentWA is responsibly empowered by the City to deliver a sustainable Ocean Reef Marina development, for today's ratepayers and for those generations to come.

## **APOLOGIES AND LEAVE OF ABSENCE**

### **Apologies**

Cr Russell Poliwka.

Cr Suzanne Thompson.

**Leave of Absence Previously Approved**

Mayor Albert Jacob	11 to 14 April 2022 inclusive.
Cr Christopher May	22 to 26 April 2022 inclusive.
Cr Tom McLean	14 to 20 July 2022 inclusive.

**C29-03/22**

**REQUEST FOR LEAVE OF ABSENCE – CR JOHN CHESTER**

Cr John Chester requested Leave of Absence from Council duties covering the period 1 to 8 April 2022 inclusive.

**MOVED Cr Hamilton-Prime, SECONDED Cr Jones that Council APPROVES the Request for Leave of Absence from Council Duties for Cr Chester covering the period 1 to 8 April 2022 inclusive.**

**The Motion was Put and**

**CARRIED (11/0)**

**In favour of the Motion:** Mayor Jacob, Crs Chester, Fishwick, Hamilton-Prime, Hill, Jones, Kingston, Logan, May, McLean and Raftis.

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

Nil.

## REPORTS

### Disclosures of Interest affecting Impartiality

<b>Name / Position</b>	<b>Mayor Hon. Albert Jacob, JP.</b>
<b>Item No. / Subject</b>	JSC01-03/22 - Ocean Reef Marina – Development Agreement and Land Transfer Deed.
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<b>Extent of Interest</b>	Mayor Jacob is a member of the Development WA Steering Committee for the Marina Project.

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<b>Item No. / Subject</b>	JSC01-03/22 - Ocean Reef Marina – Development Agreement and Land Transfer Deed.
<b>Nature of Interest</b>	Interest that may affect impartiality.
<b>Extent of Interest</b>	Mr Pearson is a member of the Ocean Reef Marina Steering Committee.

**JSC01-03/22****OCEAN REEF MARINA – DEVELOPMENT AGREEMENT AND LAND TRANSFER DEED**

<b>WARD</b>	All
<b>RESPONSIBLE DIRECTOR</b>	Mr Mat Humfrey Corporate Services
<b>FILE NUMBER</b>	04171
<b>ATTACHMENTS</b>	Attachment 1 Development Agreement Attachment 2 Land Transfer Deed
<b>AUTHORITY / DISCRETION</b>	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

**PURPOSE**

For Council to authorise the execution of the Land Transfer Deed between the City of Joondalup, DevelopmentWA and Minister for Lands and the Development Agreement between the City of Joondalup and DevelopmentWA associated to the Ocean Reef Marina Development.

**EXECUTIVE SUMMARY**

At its meetings held on 4 May 2020 (Item 1 refers), 13 July 2020 (Item 8 refers), 2 November 2020 (Item 1 refers), 8 March 2021 (Item 3 refers), 29 November 2021 (Item 1 refers), and at the Ordinary Meeting of Council held on 16 February 2021 (CJ019-02/21 refers), the Major Projects and Finance Committee informed Council of progress on the preparation of the Ocean Reef Marina Development Agreement (Development Agreement) and Land Transfer Deed, their components, companion agreements / deeds and key principles, Council resolved:

- “1 APPROVES the Ocean Reef Marina Heads of Agreement provided as detailed in Attachment to Report CJ019-02/21;
- 2 REQUESTS the Chief Executive Officer to execute the Ocean Reef Marina Heads of Agreement as detailed in Part 1 above;
- 3 APPROVES the Ocean Reef Marina Business Plan provided as detailed in Attachment 2 to Report CJ019-02/21 for public advertising in accordance with section 3.59 of the Local Government Act 1995.”

Subsequently the Ocean Reef Marina Heads of Agreement was executed by the City and DevelopmentWA in May 2021. The document established the agreed principles in which to facilitate further discussion and negotiation pursuant to the preparation and execution of the Ocean Reef Marina Development Agreement and Land Transfer Deed between the City and DevelopmentWA and supports the transfer of the City’s freehold and Crown managed land to the State Government during the project.

The *Major Land Transaction Business Plan* was advertised in accordance with sections 1.8 and 3.59 of the *Local Government Act 1995* and regulation 3B of the *Local Government (Administration) Regulations 1996* from 6 March 2021 to 19 April 2021.

At its meeting held on 18 May 2021 (CJ060-05/21 refers), Council, following the outcomes of the public notification, approved to proceed with the major land transaction.

To enable DevelopmentWA to continue with the development of the Ocean Reef Marina project the City is required to approve the Development Agreement and execute the Land Transfer Deed.

*It is therefore recommended that Council:*

- 1 *AUTHORISE the Mayor and Chief Executive Officer to;*
  - 1.1 *execute the Development Agreement as detailed in Attachment 1 to Report JSC01-03/22, subject to any minor drafting amendments required;*
  - 1.2 *execute the Land Transfer Deed as detailed in Attachment 2 to Report JSC01-03/22 subject to any minor drafting amendments required;*
- 2 *NOTES that the final form of both agreements will be reviewed by the City's solicitors and in the event the solicitor is of the opinion that any part of the final agreement is materially different to those shown in the attachments, the agreements will be presented back to Council for consideration;*
- 3 *NOTES that Elected Members will receive a copy of the final form of both agreements, accompanied by the City's solicitor's opinion on these agreements 48 hours prior to them being signed as authorised in Part 1 above.*

## **BACKGROUND**

The Ocean Reef Marina project has been in the planning since 2004 when the State Government committed \$700,000 towards the development of a Concept Plan, to guide the redevelopment of the then, Ocean Reef Boat Harbour.

Since that time significant milestones have been achieved, including:

- endorsement of the project's Philosophies and Parameters
- development of a Concept Plan
- extensive community consultation undertaken
- execution of a Memorandum of Understanding between the City and the State Government
- amendment of the Metropolitan Region Scheme
- endorsement of the Planning and Environmental Approvals Strategy
- public Environmental Review process.

In July 2017, the Western Australian Government approved the Business Case for the Ocean Reef Marina development which documented the following project implementation phases:

- |  |              |
|--|--------------|
| • Marine works                               | Commenced    |
| • Stage 1 Commences                          | 2021-22      |
| • First lots released for sale               | 2022-23      |
| • Construction commences for first buildings | 2023-24      |
| • Project Execution and Completion           | 2025 to 2036 |

Throughout the initial project planning stages, the City has always maintained that it did not have the capacity to bring the development to fruition without the support of the State Government or third parties.

In September 2017, Premier Mark McGowan announced that the State Government would contribute \$120 million to the project and that DevelopmentWA (formerly Landcorp) will lead the development and work with the City of Joondalup to deliver the project.

Following the State Government announcement, in February 2018 the City and DevelopmentWA executed a Memorandum of Understanding which set out the roles of the parties and how they will work together in implementing the Ocean Reef Marina project as approved by Government.

Throughout 2019 additional key outcomes were achieved such as, Ministerial approval and the gazettal of the Metropolitan Region Scheme. Also, during 2020 the Ocean Reef Marine Park was excised, the gazettal of the Improvement Scheme was completed and early works commenced at the Ocean Reef Marina site.

Following the completion of the early works, in April 2021 construction commenced on the breakwaters which is now well advanced.

The approval and execution of the Development Agreement and Land Transfer Deed will facilitate the transfer of land to the State and enable DevelopmentWA to submit a subdivision application to commence Stage 1 of the project.

## DETAILS

At its meeting held on 16 February 2021 (CJ019-02/21 refers), Council resolved:

- “1 *APPROVES the Ocean Reef Marina Heads of Agreement provided as detailed in Attachment to Report CJ019-02/21;*
- 2 *REQUESTS the Chief Executive Officer to execute the Ocean Reef Marina Heads of Agreement as detailed in Part 1 above;*
- 3 *APPROVES the Ocean Reef Marina Business Plan provided as detailed in Attachment 2 to Report CJ019-02/21 for public advertising in accordance with section 3.59 of the Local Government Act 1995.”*

In accordance with clause 4.1(a) of the Heads of Agreement between the City and DevelopmentWA, approved by Council at its meeting held on 16 February 2021 (CJ019-02/21 refers), the parties agreed *“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.”*

To inform the preparation of the Development Agreement and Land Transfer Deed the City has reached in-principle agreement with DevelopmentWA, as the project implementers of the development on behalf of State Government.

The approval of the Development Agreement and Land Transfer Deed as legally binding documents is a critical step in progressing the development of the marina. Without the agreement in place, the City is not able to transfer its land which affects Development WA's ability to undertake the construction of the marina.



The Development Agreement sets out the framework by which DevelopmentWA will undertake and deliver the project, documenting the respective roles, responsibilities and contributions to the project as well as agreement to a clear process for the delivery of the project.

The Land Transfer Deed is interdependent with the Development Agreement, as a schedule to the agreement, and must be entered into on the same date as the Development Agreement.

The Land Transfer Deed sets out the future treatment of the 12 lots currently controlled by State Government and the City in a mixture of Freehold and Crown Reserve. It details the Crown Lot Subdivision Process to create the new crown lots, the portions of the City's freehold land required for the development to be transferred to the State, with the remainder being retained by the City and that the City will relinquish the current Management Orders on Crown Land.

The City has negotiated with DevelopmentWA for two lots to be transferred to the City in freehold to recognise the contribution of the portions of existing freehold land being transferred to the State as part of the overall Ocean Reef Marina Project site and the proposed financial contribution to the new club facility. The Land Transfer Deed details that the Beach Parking Area and Future Club Facilities/Mixed Use Site will be transferred to the City in fee simple once developed.

### **Issues and options considered**

Option 1: Council decides not to approve the Ocean Reef Marina Development Agreement for execution.

This option would significantly delay the project as the crucial sub-division process that DevelopmentWA is required to undertake cannot occur until the City's freehold land is transferred to the State Government. There is also the risk that the State Government would resume the land regardless which would severely limit the City's ability to negotiate beneficial terms for its on-going role in the construction, management and operation of the marina.

This option is not recommended.

Option 2: Council decides to approve the Ocean Reef Marina Development Agreement for execution.

This option would ensure that the project can progress in accordance with the required DevelopmentWA and State Government timelines. It would also reinforce the City's commitment to working collaboratively to ensure the project is delivered in accordance with community expectations.

This option is recommended.

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

#### **Legislation**

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

Other applicable legislation includes:

- *Planning and Development Act 2005.*
- *Environmental Protection Act 1986.*

- *Fisheries Adjustment Scheme Act 1987.*
- *Land Administration Act 1997.*
- *Planning and Development (Local Planning Schemes) Regulations 2015.*
- *Environmental Protection, Biodiversity and Conservation Act 1999 (Cwlth).*
- *Native Title Act 1993 (Cwlth).*

### **Strategic Community Plan**

**Key theme** Economic Prosperity, Vibrancy and Growth.

**Objective** Destination city.

### **Risk management considerations**

The City needs to ensure that all decisions made in relation to the Development Agreement and associated Land Transfer Deed are in its best interests, both short and long-term.

Legal advice and a detailed interrogation of all aspects of the the Development Agreement and associated Land Transfer Deed have occurred to ensure both meet the best interests of the City and its ratepayers.

### **Financial / budget implications**

As part of the business plan presented to Council in February 2021 a financial evaluation was prepared. The key aspects of the evaluation were as follows:

- Impacts to the City only were included.
- Two financial objectives are defined for the project as follows:
  - (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.
- All data used was from verifiable sources.
- Three scenarios prepared (Best case, Realistic and Worst Case).

The estimated recurring steady state (2032-33) impacts of each scenario are summarised below. It is 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.

The table indicates that the realistic scenario may provide a benefit of \$386,000 per year when compared to the existing operating deficit at the marina.

The actual income and expenses will vary due to a wide number of reasons.

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)
<b>Operating Surplus</b>	<b>(\$110)</b>	<b>\$1,104</b>	<b>\$277</b>	<b>(\$137)</b>
<b>vs Baseline</b>		<b>\$1,214</b>	<b>\$386</b>	<b>(\$27)</b>

There have been no material changes to the assumptions since February and therefore the financial evaluation has not been updated since then. The model will be refreshed when there are any material changes.

The City may 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.

The amount of \$3.6 million has been included in the Draft *10 Year Strategic Financial Plan 2020-21 to 2029-30*. These funds would still need to be approved by Council as there are no current budget allocations for the Ocean Reef Marina project.

All amounts quoted in this report are exclusive of GST.

### Regional significance

The Ocean Reef Marina Development is an important regional project. The Development Agreement and Land Transfer Deed will facilitate the next phase of development for the project.

### Sustainability implications

#### Economic

The financial evaluation undertaken by the City assessed the potential impact to the City from the anticipated income and expenditure relating to the City's responsibilities once the marina is developed.

As stated in the Financial Evaluation – Overall Summary, provided as Attachment 3 to the *Ocean Reef Marina Business Plan* report presented to Council at its meeting held on 16 February 2021 (Item C019-02/21 refers), 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. There will be significant economic and social benefits to the local and regional economy.

### Consultation

The Development Agreement and Land Transfer Deed were prepared by DevelopmentWA's legal advisors, Minter Ellison, and have been reviewed by the City's legal advisor Jackson McDonald.

The City has worked collaboratively over the past 12 months with DevelopmentWA continually reviewing and updating the Development Agreement and Land Transfer Deed to ensure it meets the need of both parties to deliver the project and addresses the statutory and legislative requirements.

## COMMENT

Through extensive negotiations, the City has been able to achieve a Draft Development Agreement and associated Land Transfer Deed with Development WA that meets Council's expectations for the City's on-going management, maintenance and operating responsibilities for Ocean Reef Marina.

It is anticipated that the Development Agreement will enable the City to realise neutral or cash positive results in line with the financial expectations outlined in the endorsed *Ocean Reef Marina Project Philosophy and Parameters* (Item JSC5-05/09 refers). The agreements have also ensured that the City's risks within the project have been mitigated to the extent possible. Improvements in the both the handover provisions and ability to have input into the design and implementation of public infrastructure have been achieved throughout the negotiation process with DevelopmentWA.

The handover provisions within the agreement requires DevelopmentWA to maintain public infrastructure until the latter of:

- two years from completion of the assets
- until the land on which the assets are located is transferred to the City.

Ordinarily, it would be expected that assets transfer to the City two years after completion, which can cause complications if the land on which the assets is located is not transferred at that point in time. It will also require DevelopmentWA to complete all works on each land holding prior to transferring any of the assets to the City. This is considered a significant reduction in risk for the City.

A further significant improvement achieved during the negotiation process is the tenure of the land on which the Ocean Reef Sea Sports Club will be located. Originally this site was to house multiple functions, including Marine Rescue Whitfords and the offices of the Marina Manager. Both the Marina Manager's offices and Marine Rescue Whitfords will now be located on land within the Marine Enterprise Area. This will allow the site to be dedicated to the club use, as well as the provision of public amenities. Further, DevelopmentWA have stated that they have no objection to the land being vested with City in freehold, which will make managing the site far simpler in later years.

Finally, it is worth noting that DevelopmentWA have significantly commenced construction of the Ocean Reef Marina project. The original objective of these agreements, which was to ensure that the development was of a scale and quality that the City was seeking, has largely already been achieved prior to the execution of these documents. As such the focus of the negotiating team has been to ensure that the public infrastructure delivered is of a suitable quality to minimise risk in the development in the later years.

The signing of both agreements will allow the Ocean Reef Marina project to move from a conceptual project to one of infrastructure delivery. Once these agreements are in place, the role of the City will revert to one of development regulator, who will eventually become the owner of the infrastructure assets. In this sense, it will allow the City to have a relationship with DevelopmentWA that is far closer to a "developer / local government" relationship than one of development partners. This role clarification will be of great benefit for the project delivery and the community.

## VOTING REQUIREMENTS

Simple Majority.

*The Acting Governance Officer left the Chamber at 7.23pm.*

*The Manager Governance left the Chamber at 7.26pm and returned at 7.29pm and left the Chamber at 7.39pm and returned at 7.41pm.*

**MOVED Mayor Jacob, SECONDED Cr Jones that Council:**

- 1 AUTHORISE the Mayor and Chief Executive Officer to;**
  - 1.1 execute the Development Agreement as detailed in Attachment 1 to Report JSC01-03/22, subject to any minor drafting amendments required;**
  - 1.2 execute the Land Transfer Deed as detailed in Attachment 2 to Report JSC01-03/22 subject to any minor drafting amendments required;**
- 2 NOTES that the final form of both agreements will be reviewed by the City's solicitors and in the event the solicitor is of the opinion that any part of the final agreement is materially different to those shown in the attachments, the agreements will be presented back to Council for consideration;**
- 3 NOTES that Elected Members will receive a copy of the final form of both agreements, accompanied by the City's solicitor's opinion on these agreements 48 hours prior to them being signed as authorised in Part 1 above.**

**C30-02/22                    PROCEDURAL MOTION – THAT THE ITEM BE REFERRED BACK**

**MOVED Cr Raftis, SECONDED Cr Kingston** that Item JSC01-03/22 – Ocean Reef Marina – Development Agreement and Land Transfer Deed **BE REFERRED BACK** to the Chief Executive Officer to allow the presentation to Council at a future meeting of the complete and final Ocean Reef Marina Development Agreement and Land Transfer Deed, inclusive of an updated Business Plan with all supporting workpapers covering the items referred to in Report JSC01-03/22.

**The Procedural Motion as Moved by Cr Raftis and Seconded by Cr Kingston was Put and**  
**LOST (3/8)**

**In favour of the Procedural Motion:** Crs Chester, Kingston and Raftis.

**Against the Procedural Motion:** Mayor Jacob, Crs Fishwick, Hamilton-Prime, Hill, Jones, Logan, May and McLean.

**The Motion as MOVED Mayor Jacob, SECONDED Cr Jones was Put and**  
**CARRIED (9/2)**

**In favour of the Motion:** Mayor Jacob, Crs Chester, Fishwick, Hamilton-Prime, Hill, Jones, Logan, May and McLean.

**Against the Motion:** Crs Kingston and Raftis.

*Appendix 1 refers*

*To access this attachment on electronic document, click here: [Attach1agn220329.pdf](#)*

**Disclosures of Interest affecting Impartiality**

<b>Name / Position</b>	<b>Mayor Hon. Albert Jacob, JP.</b>
<b>Item No. / Subject</b>	JSC02-03/22 - Ocean Reef Marina – Stage 1 Subdivision Application.
<b>Nature of Interest</b>	Interest that may affect impartiality.
<b>Extent of Interest</b>	Mayor Jacob is a member of the Development WA Steering Committee for the Marina Project.

<b>Name / Position</b>	<b>Cr Daniel Kingston.</b>
<b>Item No. / Subject</b>	JSC02-03/22 - Ocean Reef Marina – Stage 1 Subdivision Application.
<b>Nature of Interest</b>	Interest that may affect impartiality.
<b>Extent of Interest</b>	Cr Kingston is a member of the Edgewater Residents Association which made submissions on the Ocean Reef Marina Business Plan for the Major Land Transaction.

<b>Name / Position</b>	<b>Cr Daniel Kingston.</b>
<b>Item No. / Subject</b>	JSC02-03/22 - Ocean Reef Marina – Stage 1 Subdivision Application.
<b>Nature of Interest</b>	Interest that may affect impartiality.
<b>Extent of Interest</b>	A closely associated person to Cr Kingston, as part of the Joondalup Coast Care Forum, made submissions on the Ocean Reef Marina Business Plan for the Major Land Transaction. A closely associated person to Cr Kingston is a member of the Urban Bush Council which made submissions on the Ocean Reef Marina Business Plan for the Major Land Transaction.

<b>Name / Position</b>	<b>Cr Daniel Kingston.</b>
<b>Item No. / Subject</b>	JSC02-03/22 - Ocean Reef Marina – Stage 1 Subdivision Application.
<b>Nature of Interest</b>	Interest that may affect impartiality.
<b>Extent of Interest</b>	Cr Kingston is the Secretary of the Friends of Yellagonga Regional Park, a member association of the Urban Bush Council. The Urban Bush Council made submissions on the Ocean Reef Marina Business Plan for the Major Land Transaction.

<b>Name / Position</b>	<b>Mr James Pearson, Chief Executive Officer.</b>
<b>Item No. / Subject</b>	JSC02-03/22 - Ocean Reef Marina – Stage 1 Subdivision Application.
<b>Nature of Interest</b>	Interest that may affect impartiality.
<b>Extent of Interest</b>	Mr Pearson is a member of the Ocean Reef Marina Steering Committee.

**JSC02-03/22****OCEAN REEF MARINA – STAGE 1 SUBDIVISION APPLICATION**

<b>WARD</b>	All
<b>RESPONSIBLE DIRECTOR</b>	Mr Mat Humfrey Corporate Services
<b>FILE NUMBER</b>	04171
<b>ATTACHMENTS</b>	Attachment 1 Land Tenure Map Attachment 2 Confidential - Indicative Stage 1 Subdivision Layout  <i>(Please Note: Attachment 2 is Confidential and will appear in the official Minute Book only).</i>
<b>AUTHORITY / DISCRETION</b>	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

**PURPOSE**

For Council to authorise the Chief Executive Officer to sign a [Form 1A](#) (Application for Approval of Freehold, Survey-Strata, Leasehold (Survey-Strata) or Community Titles (Land) Scheme Subdivision form) in order to facilitate the lodgement and processing of the first stage subdivision for the Ocean Reef Marina Development.

**EXECUTIVE SUMMARY**

Construction of the Ocean Reef Marina Development has commenced following planning approvals granted for preliminary works to establish access, a site compound area and for the construction of the marina breakwaters in 2020.

Currently, the landholdings in the Ocean Reef Marina Development are held in multiple ownership, of which some are owned by the City of Joondalup (Attachment 1 refers).

As part of the next phase of construction it is DevelopmentWA's intent to lodge a subdivision application to create the first stage of development comprising individual lots, roads and public areas.

The indicative Stage 1 subdivision boundary (Attachment 2 refers) includes portions of land owned by the City of Joondalup.

The subdivision process requires all landowners whose land is subject to a subdivision proposal to co-sign an application form.

At its meeting held on 18 May 2021 (CJ060-05/21 refers), Council approved proceeding with the Major Land Transaction Business Plan for the Proposed Disposal of Lot 1029 and Lot 1032, Ocean Reef which will transfer these two lots to the State Government.

It is currently understood the lodgement of the first stage subdivision is a priority for DevelopmentWA and there is the desire to potentially lodge this application ahead of the transfer of land. As such, prior to the transfer taking place, any subdivision application that includes these lots will require the City to co-sign the application as a landowner whose land is subject to the subdivision proposal.

It is proposed to authorise the Chief Executive Officer to act as the City's representative as landowner in relation to the signing of any application form for the Stage 1 subdivision.

Authorising the Chief Executive Officer to co-sign the form for the Stage 1 subdivision area for the Ocean Reef Marina Development will allow DevelopmentWA to progress with the next phase of construction ahead of the City's land being transferred to the State Government (following execution of the Development Agreement and Land Transfer Deed).

The need for the City to co-sign the Stage 1 subdivision application is considered to merely be a timing issue noting that following execution of the Development Agreement and Land Transfer Deed, DevelopmentWA will be able to lodge the same application without requiring the City's signature.

Co-signing the Stage 1 subdivision application form will simply allow the application to be lodged. Co-signing the application form does not approve the subdivision design itself nor does it prejudice the City's recommendation for the subdivision design that will be provided to the Western Australian Planning Commission as part of the typical subdivision assessment process.

*It is therefore recommended that Council AUTHORISES the Chief Executive Officer, as the City's representative as landowner of Lot 1029 and Lot 1032, Ocean Reef, to sign a Form 1A (Application for Approval of Freehold, Survey-Strata, Leasehold (Survey-Strata) or Community Titles (Land) Scheme Subdivision form) in order to facilitate the lodgement and processing of the first stage subdivision for the Ocean Reef Marina Development.*

## **BACKGROUND**

The Ocean Reef Marina project has been in the planning since 2004 when the State Government committed \$700,000 towards the development of a Concept Plan, to guide the redevelopment of the then, Ocean Reef Boat Harbour.

Since that time significant milestones have been achieved, such as the following:

- Endorsement of the project's Philosophies and Parameters.
- Development of a Concept Plan.
- Extensive community consultation undertaken.
- Execution of a Memorandum of Understanding between the City and the State Government.
- Amendment of the Metropolitan Region Scheme.
- Endorsement of the Planning and Environmental Approvals Strategy.
- Public Environmental Review process.



In July 2017, the Western Australian Government approved the Business Case for the Ocean Reef Marina development which documented the following project implementation phases:

- Marine works Commenced
- Stage 1 Commences 2021-22
- First lots released for sale 2022-23
- Construction commences for first buildings 2023-24
- Project Execution and Completion 2025 to 2036

Throughout the initial project planning stages, the City has always maintained that it did not have the capacity to bring the development to fruition without the support of the State Government or third parties.

In September 2017, Premier Mark McGowan announced that the State Government would contribute \$120 million to the project and that DevelopmentWA (formerly Landcorp) will lead the development and work with the City of Joondalup to deliver the project.

Following the State Government announcement in February 2018, the City and DevelopmentWA executed a Memorandum of Understanding which set out the roles of the parties and how they will work together in implementing the Ocean Reef Marina project as approved by Government.

Throughout 2019 additional key outcomes were achieved such as, Ministerial approval and the gazettal of the Metropolitan Region Scheme. Also, during 2020 the Ocean Reef Marine Park was excised, the gazettal of the Improvement Scheme was done and early works commenced at the Ocean Reef Marina site.

Following the completion of the early works, in April 2021 construction commenced on the breakwaters which is now well advanced.

The Stage 1 subdivision application represents the next phase of the Ocean Reef Marina's development.

## **DETAILS**

### Progression of construction works

Construction of the Ocean Reef Marina Development commenced in 2020 with preliminary works undertaken to establish access, a site compound, and more significantly, with the commencement of construction of the marina breakwaters.

As part of the next phase of construction it is DevelopmentWA's intent to lodge a subdivision application to create the first stage of development comprising individual lots, roads and public areas (the Stage 1 subdivision application).

### Subdivision process

The subdivision process is managed by the Department of Planning, Lands and Heritage (DPLH) with the decision-making authority being the Western Australian Planning Commission (WAPC).

A subdivision application must include a Form 1A (Application for Approval of Freehold, Survey-Strata, Leasehold (Survey-Strata) or Community Titles (Land) Scheme Subdivision form) which requires the signature of all landowners whose land is subject to the subdivision proposal.

#### Land tenure arrangements

Currently, the landholdings in the Ocean Reef Marina Development are held in multiple ownership, of which some are owned by the City of Joondalup (Attachment 1 refers).

At its meeting held on 18 May 2021 (CJ060-05/21 refers), Council considered the outcomes of consultation and subsequently approved proceeding with the Major Land Transaction Business Plan for the Proposed Disposal of Lot 1029 and Lot 1032, Ocean Reef (the Business Plan).

The major land transaction included in the Business Plan proposes to transfer ownership of Lot 1032 and Lot 1029 to the State Government as well as relinquishing management over the Crown Land parcels currently vested with the City to facilitate the development of the Ocean Reef Marina Development.

The land transfer is part of a broader agreement necessary to enable the City to continue ongoing involvement and support to this important regional development.

Of relevance to the purpose of this report, this broader agreement includes a Memorandum of Understanding and Heads of Agreement (both executed) along with a Development Agreement and Land Transfer Deed (both proposed).

The transfer of the City's land and relinquishing of management will occur following execution of the Development Agreement and Land Transfer Deed.

#### City's involvement in the Stage 1 subdivision application

It is currently understood the lodgement of the first stage subdivision is a priority for DevelopmentWA and there is the desire to potentially lodge this application ahead of the Development Agreement and Land Transfer Deed being finalised and executed.

Ahead of the execution of the Development Agreement and Land Transfer Deed, any application to subdivide land within the Ocean Reef Marina Development area for the purpose of creating individual lots that includes Lot 1029 or Lot 1032 will require the City of Joondalup to be a signatory to the application.

Equally, following execution of the Development Agreement and Land Transfer Deed Development WA would be able to lodge an application for the same subdivision proposal without requiring the City's signature.

Signing the Stage 1 application form does not mean that the City necessarily supports the proposal itself or prejudice the City's recommendation that will be provided on the proposal. Signing the application is considered to be administrative and merely facilitates the commencement of the typical subdivision process, which will include an assessment by the City's technical officers and recommendation provided to the WAPC.

In view of the above, the need for the City to co-sign the application is therefore primarily a timing issue and will facilitate ongoing progress of the Ocean Reef Marina Development without creating unnecessary delays in the event DevelopmentWA wish to lodge the Stage 1 subdivision application ahead of the execution of the Development Agreement and Land Transfer Deed.

### **Issues and options considered**

Council has the option to:

- authorise the City's Chief Executive Officer to sign the Stage 1 subdivision application form (Option 1)  
or
- not authorise the City's Chief Executive Officer to sign to the Stage 1 subdivision application form (Option 2).

If Council elects to authorise the City's Chief Executive Officer to sign the Stage 1 subdivision application form and, in the event DevelopmentWA chooses to lodge the application ahead of the Development Agreement and Land Transfer Deed being executed, the City will be able to co-sign the application form to facilitate its lodgement and allow the next phase of development for the project to continue without unnecessary delay.

If Council elects not to authorise the City's Chief Executive Officer to sign the Stage 1 subdivision application form, DevelopmentWA will have to wait for the Development Agreement and Land Transfer Deed to be executed before being able to lodge the Stage 1 subdivision without needing the City to co-sign the application. This may create unnecessary and undesirable delays for the project. Alternatively DevelopmentWA may also prepare an alternative Stage 1 subdivision application that does not include any of the City's landholdings. This alternative may not allow the development to be progress as quickly or efficiently as desired.

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

**Legislation**                      *Planning and Development Act 2005.*

#### **Strategic Community Plan**

**Key theme**                      Economic Prosperity, Vibrancy and Growth.

**Objective**                      Destination city.

#### **Risk management considerations**

#### Option 1 – Authorise the City's Chief Executive Officer to sign the Stage 1 subdivision application form

In authorising the Chief Executive Officer to sign the Stage 1 subdivision application form there is a risk that it will facilitate the lodgement of a subdivision design that the City does not consider to be appropriate. However, the option does not increase this risk beyond that which already exists in the event DevelopmentWA lodge the application after the Development Agreement and Land Transfer Deed have been executed.

It is also noted that co-signing the application form does not approve the subdivision design itself, nor does it indicate any support for the subdivision application.

The subdivision application will still be subjected to the typical process which includes an assessment by the City's technical officers and a recommendation provided to the WAPC.

Option 2 – Not authorise the City's Chief Executive Officer to sign to the Stage 1 subdivision application form

In not authorising the Chief Executive Officer to sign the Stage 1 subdivision application form there is a risk that it will lead to project delays. Whilst DevelopmentWA is the proponent of the project (not the City), the Ocean Reef Marina Development is an important regional development and a project which the City is working with DevelopmentWA to deliver.

**Financial / budget implications**

Not applicable.

**Regional significance**

The Ocean Reef Marina Development is an important regional project. The Stage 1 subdivision represents the next phase of development for the project.

**Sustainability implications**

Not applicable.

**Consultation**

Not applicable.

**COMMENT**

Authorising the Chief Executive Officer to co-sign the form for the Stage 1 subdivision area for the Ocean Reef Marina Development will allow DevelopmentWA to progress with the next phase of construction ahead of the Development Agreement and Land Transfer Deed being executed.

The need for the City to co-sign the Stage 1 subdivision application is considered to merely be a timing issue noting that following execution of the Development Agreement and Land Transfer Deed, DevelopmentWA will be able to lodge the same application without requiring the City's signature.

Co-signing the Stage 1 subdivision application form will simply allow the application to be lodged. Co-signing the application form does not approve the subdivision design itself nor does it prejudice the City's recommendation for the subdivision design that will be provided to the WAPC as part of the typical subdivision assessment process.

For the reasons outlined in the report, it is recommended that Council authorise the City's Chief Executive Officer to sign the Stage 1 subdivision application form if requested by DevelopmentWA to do so.

## VOTING REQUIREMENTS

Simple Majority.

**MOVED Mayor Jacob, SECONDED Cr Jones that Council AUTHORISES the Chief Executive Officer, as the City's representative as landowner of Lot 1029 and Lot 1032, Ocean Reef, to sign a Form 1A (Application for Approval of Freehold, Survey-Strata, Leasehold (Survey-Strata) or Community Titles (Land) Scheme Subdivision form) in order to facilitate the lodgement and processing of the first stage subdivision for the Ocean Reef Marina Development.**

**The Motion was Put and**

**CARRIED (9/2)**

**In favour of the Motion:** Mayor Jacob, Crs Chester, Fishwick, Hamilton-Prime, Hill, Jones, Logan, May and McLean.

**Against the Motion:** Crs Kingston and Raftis.

*Appendix 2 refers*

To access this attachment on electronic document, click here: [Attach2agn220329.pdf](#)

**Disclosures of Interest affecting Impartiality**

<b>Name / Position</b>	<b>Mayor Hon. Albert Jacob, JP.</b>
<b>Item No. / Subject</b>	JSC03-03/22 - Ocean Reef Marina – Contribution to Ocean Reef Sea Sports Club and Overall Project Financial Evaluation.
<b>Nature of Interest</b>	Interest that may affect impartiality.
<b>Extent of Interest</b>	Mayor Jacob is a member of the Development WA Steering Committee for the Marina Project.

<b>Name / Position</b>	<b>Cr Daniel Kingston.</b>
<b>Item No. / Subject</b>	JSC03-03/22 - Ocean Reef Marina – Contribution to Ocean Reef Sea Sports Club and Overall Project Financial Evaluation.
<b>Nature of Interest</b>	Interest that may affect impartiality.
<b>Extent of Interest</b>	Cr Kingston is a member of the Edgewater Residents Association which made submissions on the Ocean Reef Marina Business Plan for the Major Land Transaction.

<b>Name / Position</b>	<b>Cr Daniel Kingston.</b>
<b>Item No. / Subject</b>	JSC03-03/22 - Ocean Reef Marina – Contribution to Ocean Reef Sea Sports Club and Overall Project Financial Evaluation.
<b>Nature of Interest</b>	Interest that may affect impartiality.
<b>Extent of Interest</b>	A closely associated person to Cr Kingston, as part of the Joondalup Coast Care Forum, made submissions on the Ocean Reef Marina Business Plan for the Major Land Transaction. A closely associated person to Cr Kingston is a member of the Urban Bush Council which made submissions on the Ocean Reef Marina Business Plan for the Major Land Transaction.

<b>Name / Position</b>	<b>Cr Daniel Kingston.</b>
<b>Item No. / Subject</b>	JSC03-03/22 - Ocean Reef Marina – Contribution to Ocean Reef Sea Sports Club and Overall Project Financial Evaluation.
<b>Nature of Interest</b>	Interest that may affect impartiality.
<b>Extent of Interest</b>	Cr Kingston is the Secretary of the Friends of Yellagonga Regional Park, a member association of the Urban Bush Council. The Urban Bush Council made submissions on the Ocean Reef Marina Business Plan for the Major Land Transaction.

<b>Name / Position</b>	<b>Mr James Pearson, Chief Executive Officer.</b>
<b>Item No. / Subject</b>	JSC03-03/22 - Ocean Reef Marina – Contribution to Ocean Reef Sea Sports Club and Overall Project Financial Evaluation.
<b>Nature of Interest</b>	Interest that may affect impartiality.
<b>Extent of Interest</b>	Mr Pearson is a member of the Ocean Reef Marina Steering Committee.

**JSC03-03/22****OCEAN REEF MARINA – CONTRIBUTION TO OCEAN REEF SEA SPORTS CLUB AND OVERALL PROJECT FINANCIAL EVALUATION**

<b>WARD</b>	All
<b>RESPONSIBLE DIRECTOR</b>	Mr Mat Humfrey Corporate Services
<b>FILE NUMBER</b>	102400
<b>ATTACHMENTS</b>	Nil
<b>AUTHORITY / DISCRETION</b>	Executive – The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

**PURPOSE**

For Council to consider a contribution to the new Ocean Reef Sea Sports Club (ORSSC) building of approximately \$1.75 million, and any conditions that may be required as a part of the contribution being made available.

**EXECUTIVE SUMMARY**

The Ocean Reef Sea Sports Club (the Club) will be relocated as part of the Ocean Reef Marina development. The state has already committed to providing \$4.8 million which is approximately \$1.3 million greater than the current replacement cost of the existing building. Various options for the new building have been considered with the preferred option having an estimated cost of \$8.3 million. It is recommended that the shortfall of \$3.5 million be jointly funded by the Ocean Reef Sea Sports Club and the City.

The proposed contribution by the City of \$1.75 million is within the future capital cost of \$3.6 million that the City had included in the previous financial evaluation provided to Council in February 2021. The \$3.6 million indicated was to help drive commercial income opportunities within the Club building or on land adjacent to the Club area. The February 2021 financial evaluation only included a potential commercial development of 500m<sup>2</sup> but since then the City has been successful in negotiating a much larger site.

*It is therefore recommended that Council:*

- 1 *LISTS for consideration within the 2022-23 budget a contribution by the City of Joondalup of \$3.5 million to the new Ocean Reef Sea Sports Club building;*
- 2 *LISTS for consideration within the Strategic Financial Plan that 50% of the contribution by the City (\$1.75 million) will be repaid to the City by the Ocean Reef Sea Sports Club;*
- 3 *NOTES that the contribution to the new Ocean Reef Sea Sports Club building is subject to the following conditions:*

- 3.1 *The area on the land assembly strategy, shown as the “club site” being transferred to the City in restricted fee simple;*
- 3.2 *The total cost of the Club building being capped at \$8.3 million with a contribution by DevelopmentWA of \$4.8 million;*
- 3.3 *The Ocean Reef Sea Sports Club agreeing to a contribution of \$1.75 million as their contribution to the construction of the building;*
- 3.4 *Final specification for the Club building subject to the City of Joondalup’s approval;*
- 3.5 *The City of Joondalup will be able to develop a commercial facility on the remaining portion of the club site to meet the community’s needs in the early establishment of the Ocean Reef Marina. This could include the establishment of a kiosk, convenience store or other local level retail outlet that the City is able to lease to private operators on a commercial basis;*
- 4 *NOTES the updated financial evaluation for the impacts of the Ocean Reef Marina project to the City;*
- 5 *NOTES that the Marine Rescue Group will be relocated to the Marine Services area and the Department of Transport will be their landlord;*
- 6 *NOTES that the City will prepare a separate business case to explore the options for development of the remaining portion of the “club site”.*

## **BACKGROUND**

### ORSSC Background

The ORSSC is a family-based sea sports and social club overlooking the Indian Ocean and Ocean Reef Boat Harbour. The Club has been established for over 45 years and was originally known as the Whitfords Sea Sports Club but changed its name in 2005 to the ORSSC.

The club has five sections made up of Angling, Sailing, Diving, Power Boating and Social. All sections are very active and organise regular events and activities

The existing Club membership base comprises over 1,200 members. Club membership has been growing with recent increases following positive news about the State Government commitment to the Ocean Reef Marina development. The Club forecasts a membership base of up to 3,000 members within the next five to 10 years once the new Ocean Reef Marina development has been constructed.

ORSSC has an existing club house and grounds with facilities used by members and guests spanning sporting activities, social activities, and functions. The ORSSC currently occupies a lease of approximately 9,100m<sup>2</sup>. It has grounds to its south, west, and north sides, and a large car park to its east. While the ORSSC built the existing facilities, they are on land vested with the City of Joondalup (the City) and are therefore owned by the City. The ORSSC has a lease agreement in place with the City for the ORSSC Club.



The club in its current location trades profitably with positive cash-flows, is debt free and maintains a healthy capital position. Summary of the club's 30 June 2020 financial statements is as follows:

- Total Assets \$1,293,166.
- Liabilities \$ 213,284.
- Net Assets \$1,079,882.
- Operating Revenue \$1,804,662.
- Operating Costs \$1,650,273.
- Net Income \$154,389.

The Club's aim is to reinvest surplus cash to attend to repairs and maintenance as well as improving club facilities over time. The Club currently has cash reserves of more than \$1.3 million.

### Project commitment to the Club

The State has committed to supporting the Club relocate to a site within the Ocean Reef Marina development. Initially \$6.5 million towards the cost of a new building which was intended to house Marine Rescue Whitfords. Following negotiation with all parties including the City of Joondalup, the State has agreed to construct separate buildings for the Club and for Marine Rescue Whitfords. \$4.8 million of the original \$6.5 million in funding has been allocated to the Ocean Reef Sea Sports Club with the remaining \$1.7 million to Marine Rescue Whitfords, who will also be accommodated on a site operated by the Department of Transport.

## **DETAILS**

### ORSSC Business Case

A business case was initially prepared on behalf of the Club by McGees in 2019 and after feedback provided by the City and Development WA, the Club re-evaluated their requirements and funding options. The Club commissioned an external party at their own expense to develop a revised business case in 2021 which has since been reviewed by the City.

There are useful elements in the business case, that the City and Development WA can draw upon to help the Club with the relocation to a new site. Some of the key issues identified in the business case include:

- social and economic return on investment is reasonably strong due to social benefits
- schedule of requirements will assist with the design.

The 2021 business case also had some shortcomings, notably:

- Funding – building costs estimated at \$11.9 million. The business case assumed a higher level of funding from the State (\$5.7 million) and further assumed that the City would provide \$3.6 million for the replacement costs of the building. This resulted in a significant overstatement of funds available for capital costs.
- Club contribution – the business case went into detail on opportunities for funding but did not indicate that significant action had been taken to secure these.
- Self-supporting loans – the Club proposed that the City could provide a self-supporting loan despite this being against City policy (CJ260-11/12 refers).

- Membership increase – from 1,200 to 2,500 (with capacity up to 3,000) but limited detail on how the club would achieve such a significant increase in membership.
- Building size – the business case assumes access to a building in excess of 4,000m<sup>2</sup>. However a building of this size is not achievable with the current funds available.
- Boat pens – proposal made for the Club owning and leasing boat pens which would further increase the risk of financial sustainability for the Club.
- Risk analysis detailed but many of the risks are relevant for DevelopmentWA and the overall project, not the Club.

#### Proposed contribution by the City

The City has evaluated in detail the options put forward by the Club, the options prepared by DevelopmentWA and the need to work pragmatically towards a timely resolution without burdening the ratepayers of the City. The City is therefore recommending that Option 3 as proposed by DevelopmentWA, at a cost of \$8.3 million is implemented. However, the Club's proposal for a \$3.5 million contribution is not supported. Instead a 50/50 split is proposed; so \$1.75 million paid by the City and \$1.75 million funded by the Club.

It must be emphasised that The City is under no obligation whatsoever to agree to this contribution or indeed any, as it has already invested over \$6 million but is proposing this for the following reasons:

- Commercial opportunities – the City will have the flexibility to implement commercial opportunities at the Club building or adjacent to the Club site.
- Financial sustainability – the overall financial objectives for the project will still be achieved (see financial evaluation later in report).
- Further capital costs - were already included in the February 2021 Financial Evaluation (\$3.6 million) so the \$1.75 million is within scope of financial assessment of the project.
- Club – this incentivises the Club to raise a fair share on their part.
- Time – this proposal will assist all parties to move forward with the project and realise the project vision.

#### **Issues and Scenarios considered**

##### Issues - cconditions of release

Whist the City is confident of the financial sustainability of the project and the affordability of the proposed contribution, it is vital that the development of the Club building and the risks are mitigated. It is therefore proposed that before the City formally provides the contribution that all of the following conditions are met and reported back to Council.

No	Issue	Condition	Owner	Why
1	Club 50/50 share	Board accepts \$1.75 million share	Club	50/50 split is recommended
2	Construction	Constructed by Development WA	DevelopmentWA	As part of overall project

No	Issue	Condition	Owner	Why
3	Specification	Building specification must be agreed with the City	The City / DevelopmentWA	City will be the landlord and responsible for future replacement
4	Ownership of building	To be transferred to City	The City / DevelopmentWA	City will be landlord for Club
5	Fixed price	No more than \$8.3 million unless agreed with City	DevelopmentWA	City has responsibility for future replacement

### Options

Council's options are as follows:

- agree to a contribution of \$3.5 million, with \$1.75 million to be repaid by Club
- agree to no contribution  
or
- agree to a different contribution.

### Legislation / Strategic Community Plan / policy implications

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

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

### Strategic Community Plan

**Key theme** Financial Sustainability.

**Objective** Effective management.

**Strategic initiative**

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

**Policy** *Strategic Financial Plan – Guiding Principles.*

### Risk management considerations

There are many uncertainties in the current economic market, and it is therefore vital that the cost of the Club building is fixed.

### Financial / budget implications

#### Previous financial evaluation (February 2021)

At its meeting held on 16 February 2021 (Item CJ019-02/21 refers), the Ocean Reef Marina Business Plan and Heads of Agreement were presented to Council which included a separate financial evaluation report. This report will not repeat all of the information of that report but just comment on the key issues, highlighting the major assumptions that have not changed and listing separately those that have.

The key parameters of the financial evaluation and model are as follows:

- Whole of life costs.
- 50 year evaluation.
- Five separate strands are evaluated (one-off costs, rates, parking, infrastructure and club/commercial).
- Three scenarios are prepared (Best case, Worst Case and Realistic).
- Each scenario is compared to the existing baseline so that the incremental impacts of the project are calculated.

The table below provides a summary of the scenarios as presented in February 2021, with the realistic scenario assumed to provide a positive outcome of \$386,000 per year when compared to the baseline. These values are based on the steady state, that is, full development.

Operating Surplus excluding escalation	Baseline	Scenario1	Scenario2	Scenario3
	Current I&E \$000s	Best Case \$000s	Realistic \$000s	Worst Case \$000s
Operating Income	\$212	\$3,891	\$3,166	\$2,715
Operating Cash Expenses	(\$221)	(\$1,641)	(\$1,683)	(\$1,580)
<b>Operating Surplus/(Deficit) BEFORE Depreciation</b>	<b>(\$8)</b>	<b>\$2,251</b>	<b>\$1,483</b>	<b>\$1,135</b>
Depreciation	(\$101)	(\$1,146)	(\$1,206)	(\$1,272)
<b>Operating Surplus/(Deficit) AFTER Depreciation vs Baseline</b>	<b>(\$110)</b>	<b>\$1,104</b>	<b>\$277</b>	<b>(\$137)</b>
		<b>\$1,214</b>	<b>\$386</b>	<b>(\$27)</b>

The evaluation also indicated a positive cash surplus after 50 years of \$25.6 million.

#### Financial objectives

The Business Plan presented in February 2021 also stipulated the following two financial objectives for long-term financial sustainability for the project and its impacts on the City's ratepayers:

- 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.

The previous financial evaluation achieved both these objectives for the realistic scenario and best case. The worst-case scenario marginally failed the first test of the operating results and therefore did not achieve the second test.

#### January 2022 Financial Evaluation - Disclaimer

The financial evaluation has been updated so that the proposal to contribute \$1.75 million towards the Club building can be assessed and to take into account other assumptions that have been amended. This report will explain those assumptions that have not been changed, the assumptions that have been changed and the overall impacts on the financial evaluation.

This report 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 to the City. The actual expenses and income may vary due to the following:

- Concept designs prepared by DevelopmentWA to this point are conceptual (which is standard for a development at this stage of the project) and subject to detailed design, subdivision planning, approvals and eventual construction by developers. It is therefore unrealistic for the City to expect that values at this stage are fixed in any way. This is the same approach that the City would take whereby concept plans for new facilities would be prepared but subject to change through detailed design.
- Market conditions for DevelopmentWA in terms of subdividing and selling lots.
- Market conditions for the eventual developers and take up.
- Phasing of development.
- Economic conditions and commercial viability of retail and commercial areas.
- Rates assessments of the residential and commercial areas by the Valuer General.
- Specification of the civil infrastructure (lighting, roads, paths, drainage).
- Specification of the parks and public open spaces.
- Useful life of assets and utilisation, wear and tear of public assets.
- Application of public parking fees, if a decision was made to do so.

It should also be emphasised that the Ocean Reef Marina project will deliver significant social and economic benefits which are not evaluated in this report.

#### Change in Key Assumptions

DevelopmentWA have provided a revised concept plan to the City on 23 November (referred to as Subdivision Plan 17/074/052J and Land Use Plan 17/074/051J) that has been used to update the financial evaluation. The table below is a summary of the change in key assumptions / yields used in the updated financial evaluation (January 2022) compared to February 2021.

No	Assumption	Feb 2021	Jan 2022	Difference
1	Dwellings and hotel/short stay (quantity)	1,029	1,332	+303
2	Commercial area (m <sup>2</sup> )	9,764	11,428	+1,664
3	Parks (hectares)	1.9256	1.8844	-0.0412
4	Public open space (hectares)	2.5979	2.6089	+0.0110

It must be emphasised that DevelopmentWA and their consultants have continually evaluated the yields to take account of the most appropriate mix, the project philosophy, design principles and the project return. The updated concept design provided on 23 November also takes account of the detailed assumptions that are now included in the Stage 1 subdivision application.

The key issues to note are as follows:

- Dwellings and hotel / short-stay - the increase of 303 dwellings is caused by two factors:
  - February 2021 value of 1,029 dwellings was understated by 140 dwellings which mostly related to the hotel/short-stay rooms.
  - Additional 163 dwellings are because the revised concept plan now takes account of more detailed planning including the Stage 1 subdivision and updated concept plan. Additional opportunities have been identified mostly in the high-density sites. There is no adjustment to building heights.
- Commercial – there is now more commercial opportunities identified in the Mixed-Use sites and therefore more employment opportunities.
- Parks and Public Open Space have had a nominal net decrease of 0.0302 hectares due to more refined planning of Stage 1, this is a very small reduction of just 0.7%.

#### Changes to financial evaluation (January 2022)

The table below lists the changes applied to the financial evaluation and indicates the impact on operating results at 2032-33 (excluding escalation).

No	Item	Impact	Reason for change
1	Baseline	Negative \$26,000	The baseline used in the February 2021 financial evaluation was based on the 2018-19 actuals. The model has been updated to take account of the 2019-20 and 2020-21 actuals. The baseline costs of the existing marina have reduced so the difference between the scenarios and the baseline worsens.
2	Rates average revenue	Positive \$17,000	Average rates revenue in February 2021 evaluation was based on 2020-21 rates revenue, the model has been updated to reflect 2021-22 actual rates income.
3	Rates residential	Positive \$419,000	The revised concept plan provided by DevelopmentWA (November 2021) includes more detailed and refined assumptions and now proposes an additional 163 apartments/dwellings compared to the previous concept plan (November 2019). Note that the concept plans provided include a high and low estimate, the City has used the mid-point for the realistic scenario.
4	Rates commercial	Positive \$67,000	The revised concept plan has increased commercial area due to more refined planning.
5	Parks & POS Maintenance	Positive \$2,000	The Public Open Space (POS) area has decreased by 0.0302 hectares due to the refined concept plans so that has a positive impact.
6	Park & POS Depreciation	Negative	The potential capital costs for the Parks and POS have increased so the estimated depreciation has increased.

Key assumptions that have not changed

The table below summarises the key assumptions in the model that have not been changed. The reference to financial values relates to the realistic scenario.

No	Item	Assumption	Comment
1	Future capital contribution	\$3.6 million	<p>The February 2021 financial evaluation included an assumption of \$3.6 million to help derive a commercial income stream related to the club site. The updated evaluation continues to assume a future contribution of \$3.6 million, which is now split between \$1.7 million for the Club contribution and \$1.9 million for commercial opportunities and/or public facilities.</p> <p>The City will evaluate options for the commercial opportunities and provide a business case to Council at a later point in time, the case may request an increase of capital costs as long as sufficient justification can be made for that or the case could indicate no contribution.</p>
2	Commercial income stream	\$242,500 per year	<p>The February 2021 financial evaluation assumed a new income stream of \$283,000 could be generated if the City were able to have a separate portion of the Club building that it could lease out to a commercial operator. This was based on a potential area of 500m<sup>2</sup> which was just a desktop assumption.</p> <p>The January 2022 financial evaluation continues to assume the same income stream because there is no other information available yet to determine what the commercial income stream may be, as a separate business case will need to be prepared to evaluate options. However the opportunity is now much higher because a large area is being transferred to the City as 'fee simple'.</p>
3	Parking fees	\$372,000 income per year	<p>There will need to be some form of parking operations at the marina, to ensure that there is fair and equitable parking for the public and turnover of parking to support businesses in the area.</p> <p>This is only a financial modelling assumption at this point based on the number of bays available and the ability to enter into commercial agreements to manage parking on land not controlled by the City. It does not bind the City to apply parking fees. Council will be provided further opportunity to review the proposed parking operations and whether there should be paid parking as part of the annual budget reviews.</p>
4	Parking infringement and fines	Applied as per any other site in the City. \$235,000 per year	<p>The City will need to enforce parking regulations which will result in fines and infringement income, and associated expenses. This is not an intentional measure to try and achieve more income but just a consequence of visitors who do not adhere to the parking regulations for example parking in a prohibited area, parking unsafely.</p>

No	Item	Assumption	Comment
5	Rate's income boat pens and stackers	\$237,000 per year	The February 2021 Financial evaluation included assumptions that there would be some rates income for the boat pens and stackers, of \$237,000 per year. This has not been altered but is subject to future review depending on ownership of the boat pens.
6	Phasing	Steady state 2032-33	The staging plan provided by DevelopmentWA is the same as the assumptions used in the February 2021 evaluation. It is understood that DevelopmentWA will be advancing the timescales as much as possible, and as a result Stage 1 subdivision is quite expensive. Once DevelopmentWA provide an updated staging plan the financial evaluation will be updated again. In the meantime the financial model has just continued to assume steady state by 2032-33. This report does not include any details of the cashflows for the next five or ten years because they are based on outdated assumptions.
7	Infrastructure maintenance and depreciation	\$1,510,000 per year	No updated information on quantities of civil infrastructure (paths, roads, drainage, lighting) is available.
8	Rates SAR	Neutral	The model has automatically adjusted the SAR (Specified Area Rating) income due to the factors above. This overall has a neutral impact on the financial projections because the model has assumed that the SAR income matches SAR expenses (as should be the case)

#### Summary of changes to January 2022 financial evaluation

The table below summarises the estimated operating results at steady state (fully developed). This demonstrates that there will be a positive cash impact for all scenarios and after depreciation each scenario is also favourable.

Operating Surplus excluding escalation	Baseline	Scenario1	Scenario2	Scenario3
	Current I&E \$000s	Best Case \$000s	Realistic \$000s	Worst Case \$000s
Operating Income	\$230	\$4,521	\$3,745	\$3,279
Operating Cash Expenses	(\$216)	(\$1,736)	(\$1,782)	(\$1,683)
<b>Operating Surplus/(Deficit) BEFORE Depn</b>	<b>\$14</b>	<b>\$2,785</b>	<b>\$1,963</b>	<b>\$1,597</b>
Depreciation / Asset Replacement	(\$102)	(\$1,310)	(\$1,378)	(\$1,452)
<b>Operating Surplus/(Deficit) AFTER Depn vs Baseline</b>	<b>(\$88)</b>	<b>\$1,475</b>	<b>\$585</b>	<b>\$144</b>
		<b>\$1,563</b>	<b>\$673</b>	<b>\$232</b>



The table below compares the updated projections versus February 2021.

<b>Revised Projection versus Previous Projection</b>	<u>Baseline</u>	<u>Scenario1</u>	<u>Scenario2</u>	<u>Scenario3</u>
	Current I&E	Best Case	Realistic	Worst Case
	\$000s	\$000s	\$000s	\$000s
Updated projections (January 2022)	(\$88)	\$1,475	\$585	\$144
Previous projections (February 2021)	(\$110)	\$1,104	\$277	(\$137)
<b>Revised Projection versus Previous Projection</b>	<b>\$22</b>	<b>\$371</b>	<b>\$308</b>	<b>\$281</b>

The overall 50-year cashflow impacts have been recalculated based on the current phasing assumptions which are subject to change. All scenarios would provide a positive outcome which would be expected as the recurring impacts above are positive.

### **Regional significance**

Not applicable.

### **Sustainability implications**

The Club building and development of marina by DevelopmentWA will be completed based on sustainable principles.

### **Consultation**

Not applicable.

### **COMMENT**

#### Merits of providing a contribution to the Club

Ideally Clubs will be as financially self-sustainable as possible and indeed the Club has already demonstrated strong financial sustainability. In terms of whether it is appropriate for the City to make a one-off contribution to the Club building is important to consider whether the community will receive any benefit from the redeveloped club site. Whilst the Club is for members only the new facility will provide scope for more membership and provide greater access to sporting facilities. Further if the City is able to acquire the land in fee simple and provide further community amenities from this site, it is arguable that the overall benefit to the community will increase.

The financial evaluation only includes a commercial income stream based on 500m<sup>2</sup>, this was based on the previous evaluation prepared in February 2021. Since then the City has successfully negotiated a large piece of land of xx square metres to be transferred as 'fee simple', this is to be used for the Club building, public facilities, public parking and commercial opportunities. The land is in a prime position to the south of the marina and will allow the City to evaluate commercial opportunities that are in alignment with the marina and provide income over and above the rates income at the site. These opportunities will be subject to a separate business case and presented to the City.

As the Club site will also be one of the first areas to be developed within the Ocean Reef Marina development, it is likely that any community amenities on the site will be available before the remaining commercial parts of the development are completed. The offering of a kiosk, convenience store or other small shops will greatly impact on the overall amenity of the development and likely the success of the project in its early years.

In the longer term, acquiring the site in fee-simple, albeit with it likely to have a restriction on the sale of such land, leaves the City in a far stronger position to manage any costs that will come from maintaining the public areas within the marina development. The proximity of the site to the only dedicated swimming areas within the development will mean the sites will enjoy very high footfall over summer months and may generate higher returns than is shown in the current business case.

## **VOTING REQUIREMENTS**

Simple Majority.

**MOVED Cr Jones, SECONDED Mayor Jacob that Council:**

- 1      LISTS for consideration within the 2022-23 budget a contribution by the City of Joondalup of \$3.5 million to the new Ocean Reef Sea Sports Club building;**
- 2      LISTS for consideration within the *Strategic Financial Plan* that 50% of the contribution by the City (\$1.75 million) will be repaid to the City by the Ocean Reef Sea Sports Club;**
- 3      NOTES that the contribution to the new Ocean Reef Sea Sports Club building is subject to the following conditions:**
  - 3.1      The area on the land assembly strategy, shown as the “club site” being transferred to the City in restricted fee simple;**
  - 3.2      The total cost of the Club building being capped at \$8.3 million with a contribution by DevelopmentWA of \$4.8 million;**
  - 3.3      The Ocean Reef Sea Sports Club agreeing to a contribution of \$1.75 million as their contribution to the construction of the building;**
  - 3.4      Final specification for the Club building subject to the City of Joondalup’s approval;**
  - 3.5      The City of Joondalup will be able to develop a commercial facility on the remaining portion of the club site to meet the community’s needs in the early establishment of the Ocean Reef Marina. This could include the establishment of a kiosk, convenience store or other local level retail outlet that the City is able to lease to private operators on a commercial basis;**
- 4      NOTES the updated financial evaluation for the impacts of the Ocean Reef Marina project to the City;**
- 5      NOTES that the Marine Rescue Group will be relocated to the Marine Services area and the Department of Transport will be their landlord;**
- 6      NOTES that the City will prepare a separate business case to explore the options for development of the remaining portion of the “club site”.**

**C31-03/22**

**PROCEDURAL MOTION – THAT THE ITEM BE REFERRED BACK**

**MOVED Cr Raftis, SECONDED Cr Kingston** that Item JSC03-03/22 – Ocean Reef Marina – Contribution to Ocean Reef Sea Sports Club and Overall Project Financial Evaluation BE REFERRED BACK to the Chief Executive Officer to allow the presentation to Council at a future meeting of the Ocean Reef Marina Contribution to the Ocean Reef Sea Sports Club and overall Project Financial Evaluation, inclusive of an updated Business Plan for both the overall Ocean Reef Marina project and a Business Plan covering the buildings and site upon which the Ocean Reef Sea Sports Club will be located, with all supporting workpapers and covering the items referred to in Report JSC03-03/22.

**The Procedural Motion as Moved by Cr Raftis and Seconded by Cr Kingston was Put and LOST (3/8)**

**In favour of the Procedural Motion:** Crs Chester, Kingston and Raftis.

**Against the Procedural Motion:** Mayor Jacob, Crs Fishwick, Hamilton-Prime, Hill, Jones, Logan, May and McLean.

**The Motion as MOVED Cr Jones, SECONDED Mayor Jacob was Put and CARRIED (9/2)**

**In favour of the Motion:** Mayor Jacob, Crs Chester, Fishwick, Hamilton-Prime, Hill, Jones, Logan, May and McLean.

**Against the Motion:** Crs Kingston and Raftis.

## **CLOSURE**

There being no further business, the Mayor declared the meeting closed at 8.09pm the following Elected Members being present at that time:

MAYOR HON. ALBERT JACOB, JP  
CR JOHN CHESTER  
CR RUSS FISHWICK, JP  
CR CHRISTINE HAMILTON-PRIME, JP  
CR ADRIAN HILL  
CR NIGE JONES  
CR DANIEL KINGSTON  
CR JOHN LOGAN  
CR CHRISTOPHER MAY  
CR TOM MCLEAN, JP  
CR JOHN RAFTIS