

agenda

Special Meeting of Council

NOTICE IS HEREBY GIVEN THAT A SPECIAL MEETING OF THE COUNCIL OF THE CITY OF JOONDALUP WILL BE HELD IN THE COUNCIL CHAMBER, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP

ON **TUESDAY 29 MARCH 2022**

COMMENCING AT **7.00pm**

PURPOSE OF MEETING

- 1 Consider the Development Agreement and Land Transfer Deed between the City of Joondalup and DevelopmentWA associated to the Ocean Reef Marina Development;
- 2 Consider authorising 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;
- 3 Consider a contribution from the City towards the proposed Ocean Reef Sea Sports Club (ORSSC) building.

JAMES PEARSON
Chief Executive Officer
25 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

PUBLIC QUESTION TIME

Residents and / or ratepayers of the City of Joondalup are requested to lodge questions in writing by 9.00am on **Monday 28 March 2022**.

Answers to those questions received within that timeframe will, where practicable, be provided in hard copy form at the Special Council Meeting.

Please Note: Section 7(4)(b) of the *Local Government (Administration) Regulations 1996* states that Council at a special meeting 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.

QUESTIONS TO

council.questions@joondalup.wa.gov.au

PO Box 21 Joondalup WA 6919

www.joondalup.wa.gov.au

IMPORTANT INFORMATION

ATTENDANCE AT MEETINGS DURING STATE OF EMERGENCY

On Monday 28 February 2022, the Western Australian Premier announced that WA would be moving to the Level 2 public health measures from 12:01am on Thursday 3 March 2022. In the interests of public health and safety, public attendance at City of Joondalup Briefing and Council Meetings will be restricted to 50% capacity until further notice.

To maintain the required physical distancing separation between people during this time, the maximum capacity in the Council Chamber gallery is 81 and 25 in the adjoining foyer area. Signage will be placed on seating where separation is required.

The access doors to the Civic Building will be locked, with staff providing access and monitoring the numbers. Entry to the Civic Building will be restricted after 30 minutes have elapsed past the scheduled start time of the meeting. The public are therefore encouraged to arrive at the meeting well before the scheduled start time of the meeting.

There is still the requirement for the City to maintain a mandatory contact register. Residents are requested to scan the City of Joondalup SafeWA QR Code on entry to the Council Chamber or complete the manual contact register located in the lobby before entering Chamber.

For your health and safety, members of the public are reminded to:

- follow the direction of the Presiding Members and City employees when attending meetings
- wear a mask unless exempted from doing so
- if you have an exemption from the requirement to wear a mask, you must show a medical certificate, in line with the *Covid Transition (Face Covering) Directions No. 2*
- maintain physical distancing where possible
- use the hand sanitiser that is provided by the City at the venue
- not attend a meeting should they feel unwell or if they have been in contact with a known COVID-19 case, or been overseas in the preceding two weeks
- download the SafeWA app from the [Apple App Store](#) or the [Google Play Store](#).

Members of the public are able to access audio of the proceedings at <https://joondalup.wa.gov.au/kb/resident/live-council-meeting-audio-feed>.

Further information can be provided by contacting the Governance Coordinator on 9400 4369.

CIVIC CENTRE EMERGENCY PROCEDURES

The City of Joondalup values the health and safety of all visitors to City of Joondalup facilities. The following emergency procedures are in place to help make evacuation of the City of Joondalup Civic Centre safe and easy.

Alarms

The City of Joondalup emergency system has two alarm tones:

- Alert Tone (Beep... Beep... Beep)
- Evacuation Tone (Whoop...Whoop...Whoop)

On hearing the Alert Tone (Beep... Beep... Beep):

- DO NOT EVACUATE ON THIS TONE.
- Remain where you are.
- All designated Fire Wardens will respond and assess the immediate area for danger.
- Always follow instructions from the designated Fire Wardens.

On hearing the Evacuation Tone (Whoop...Whoop...Whoop):

- Evacuate the building immediately as directed by a Fire Warden or via the nearest safe exit.
- Do not use lifts.
- Remain calm and proceed to the designated Assembly Area (refer to site plan below).
- People with impaired mobility (those who cannot use the stairs unaided) should report to a Fire Warden who will arrange for their safe evacuation.
- Do not re-enter the building until authorised to do so by Emergency Services.



CODE OF CONDUCT

Council Members and Committee Members are to observe the City's adopted *Code of Conduct for Council Members, Committee Members and Candidates*. The following general principles guide the behaviours of Council Members (being the Mayor and Councillors) and other committee members while performing their role at the City:

Personal Integrity

- (1) A council member or committee member should –
 - (a) act with reasonable care and diligence; and
 - (b) act with honesty and integrity; and
 - (c) act lawfully; and
 - (d) identify and appropriately manage any conflict of interest; and
 - (e) avoid damage to the reputation of the City.
- (2) A council member or committee member should –
 - (a) act in accordance with the trust placed in council members and committee members; and
 - (b) participate in decision-making in an honest, fair, impartial and timely manner; and
 - (c) actively seek out and engage in training and development opportunities to improve the performance of their role; and
 - (d) attend and participate in briefings, workshops and training sessions provided or arranged by the City in relation to the performance of their role.

Relationship with others

- (1) A council member or committee member should –
 - (a) treat others with respect, courtesy and fairness; and
 - (b) respect and value diversity in the community.
- (2) A council member or committee member should maintain and contribute to a harmonious, safe and productive work environment.

Accountability

A council member or committee member should –

- (a) base decisions on relevant and factually correct information; and
- (b) make decisions on merit, in the public interest and in accordance with statutory obligations and principles of good governance and procedural fairness; and
- (c) read all agenda papers given to them in relation to Council or Committee meetings, Briefing Sessions or Strategy Sessions; and
- (d) be open and accountable to, and represent, the community in the district.

Employees are bound by the City's *Code of Conduct for Employees* which details similar provisions to be observed.

COUNCIL MEETINGS

The following procedures for the conduct of Council Meetings were adopted at the Council meeting held on 21 April 2020:

INTRODUCTION

The modern role of Council is to set policy and strategy and provide goals and targets for the local government (the City). The employees, through the Chief Executive Officer, have the task of implementing the decisions of Council.

A well-structured decision-making process that has established protocols will provide the elected body with the opportunity to:

- have input into the future strategic direction set by Council
- seek points of clarification
- ask questions
- be given adequate time to research issues
- be given maximum time to debate matters before Council,

and ensures that the elected body is fully informed to make the best possible decisions for the City of Joondalup community.

PURPOSE OF COUNCIL MEETINGS

Council Meetings will involve Elected Members, employees as determined by the Chief Executive Officer and external advisors (where appropriate) and will be open to the public. Council Meetings are formal meetings where Elected Members consider and make decisions on matters.

PROCEDURES FOR COUNCIL MEETINGS

The following procedures will apply to Council Meetings that are conducted by the City.

- 1 Council meetings will be open to the public except for matters of a confidential nature. The guide in determining those matters of a confidential nature shall be in accordance with the *Local Government Act 1995*.
- 2 Dates and times for Council meetings will be set well in advance where practicable, and appropriate notice given to the public.
- 3 The Chief Executive Officer will ensure timely written notice and an agenda for each Council meeting will be provided to all Elected Members, members of the public and external advisors (where appropriate).

- 4 The Mayor is to be the Presiding Member at Council meetings. If the Mayor is unable or unwilling to assume the role of Presiding Member, then the Deputy Mayor may preside at the Council meetings. If the Deputy Mayor is unable or unwilling, those Elected Members present may select one from amongst themselves to preside at the Council meeting.
- 5 There is to be no debate among Elected Members on any matters raised during the Council meeting.
- 6 Relevant employees of the City will be available to respond to questions on matters listed on the agenda for the Council meeting.
- 7 All Elected Members will be given a fair and equal opportunity to participate in the Council meeting.
- 8 The Presiding Member will ensure that time is made available to allow for all matters of relevance to be covered.
- 9 Good governance principles recommend that Elected Members, employees and relevant consultants shall disclose their interests on any matter listed for the Council meetings. When disclosing an interest, the following provisions apply:
 - (a) Interests are to be disclosed in accordance with the provisions of the *Local Government Act 1995*, the *Local Government (Model Code of Conduct) Regulations 2021* and the *City's Code of Conduct*.
 - (b) Elected Members disclosing a financial interest, or a proximity interest will not participate in that part of the session relating to the matter to which their interest applies and shall depart the room.
 - (c) The remaining Elected Members may agree that an Elected Member disclosing a financial or proximity interest may participate in discussion on the matter if the remaining Elected Members agree:
 - (i) is so trivial or insignificant as to be unlikely to influence the disclosing Elected Member's conduct in relation to the matter
or
 - (ii) is common to a significant number of electors and ratepayers of the City,and a record of that agreement is to be made in the minutes kept for the Council meeting.
 - (d) Employees with a financial interest in a matter may also consider it appropriate to depart the room when the matter is being considered, however there is no legislative requirement to do so.
- 10 A record shall be kept of all Council meetings.

PROCEDURES FOR PUBLIC QUESTION TIME

Where a meeting of a committee is open to the public the procedures for public question time and public statement time apply. In this regard these procedures are amended by substituting "Council" with "Committee" to provide proper context.

Questions asked Verbally

- 1 Members of the public are invited to ask questions at Council meetings.
- 2 Questions asked at an Ordinary Council meeting must relate to a matter that affects the City of Joondalup. Questions asked at a Special Council meeting must relate to the purpose for which the meeting has been called.
- 3 A register will be provided for those persons wanting to ask questions to enter their name. The Presiding Member may call persons registered to come forward in an order that allows the maximum opportunity for as many people as possible to address the meeting on the widest range of matters that are listed in the agenda. Persons that come forward are to state their name and full address.
- 4 Public question time will be limited to two minutes per member of the public, with a limit of two verbal questions per person.
- 5 Statements are not to precede a question during public question time and questions must be succinct and to the point. Statements can only be made during public statement time.
- 6 Members of the public are encouraged to keep their questions brief to enable everyone who desires to ask a question to have the opportunity to do so.
- 7 Public question time will be allocated a minimum of 15 minutes and may be extended in intervals of up to 10 minutes by resolution of Council, but the total time allocated for public questions to be asked and responses to be given is not to exceed 35 minutes in total. Public question time is declared closed following the expiration of the allocated time period, or earlier than such time where there are no further questions.
- 8 Questions are to be directed to the Presiding Member and shall be asked politely, in good faith, and are not to be framed in such a way as to reflect adversely or be defamatory on a particular Elected Member or City employee. The Presiding Member shall decide to:
 - accept or reject any question and their decision is final
 - nominate a City employee to respond to the question
 - or
 - take a question on notice. In this case a written response will be provided as soon as possible and included in the agenda of the next Council meeting.

- 9 Where an Elected Member is of the opinion that a member of the public is:
- asking a question at a Council meeting, that does not relate to a matter affecting the City
or
 - making a statement during public question time,
- they may bring it to the attention of the Presiding Member who will make a ruling.
- 10 Questions and any response will be summarised and included in the minutes of the Council meeting.
- 11 It is not intended that question time should be used as a means to obtain information that would not be made available if it was sought from the City's records under Section 5.94 of the *Local Government Act 1995* or the *Freedom of Information Act 1992* (FOI Act 1992). Where the response to a question(s) would require a substantial commitment of the City's resources, the Chief Executive Officer (CEO) will determine that it is an unreasonable impost upon the City and refuse to provide it. The CEO will advise the member of the public that the information may be sought in accordance with the FOI Act 1992.

Questions in Writing – (Residents and / or ratepayers of the City of Joondalup only)

- 1 Only City of Joondalup residents and / or ratepayers may submit questions to the City in writing.
- 2 Questions asked at an Ordinary Council meeting must relate to a matter that affects the City of Joondalup. Questions asked at a Special Council meeting must relate to the purpose for which the meeting has been called.
- 3 The City will accept a maximum of five (5) written questions per City of Joondalup resident / ratepayer. To ensure equity and consistency, each part of a multi-part question will be treated as a question in its own right.
- 4 Questions lodged by 9.00am on the day immediately prior to the scheduled Council meeting will be responded to, where possible, at the Council meeting. These questions, and their responses, will be distributed to Elected Members and made available to the public in written form at the meeting.
- 5 The Presiding Member shall decide to accept or reject any written question and their decision is final. Where there is any concern about a question being offensive, defamatory or the like, the Presiding Member will make a determination in relation to the question. Questions determined as offensive, defamatory or the like will not be published.
- 6 The Presiding Member may rule questions out of order where they are substantially the same as questions previously submitted and responded to.
- 7 Written questions unable to be responded to at a Council meeting will be taken on notice. In this case, a written response will be provided as soon as possible and included on the agenda of the next Council meeting.
- 8 A person who submits written questions may also ask questions at a Council meeting and questions asked verbally may be different to those submitted in writing.

- 9 Questions and any response will be summarised and included in the minutes of the Council meeting.
- 10 It is not intended that question time should be used as a means to obtain information that would not be made available if it was sought from the City's records under Section 5.94 of the *Local Government Act 1995* or the *Freedom of Information Act 1992* (FOI Act 1992). Where the response to a question(s) would require a substantial commitment of the City's resources, the Chief Executive Officer (CEO) will determine that it is an unreasonable impost upon the City and may refuse to provide it. The CEO will advise the member of the public that the information may be sought in accordance with the FOI Act 1992.

Written questions should be sent via email to council.questions@joondalup.wa.gov.au.

DISCLAIMER

Responses to questions not submitted in writing are provided in good faith and as such, should not be relied upon as being either complete or comprehensive.

PROCEDURES FOR PUBLIC STATEMENT TIME

- 1 Members of the public are invited to make public statements verbally at Council meetings.
- 2 Statements made at an Ordinary Council meeting must relate to a matter that affects the City of Joondalup. Statements made at a Special Council meeting must relate to the purpose for which the meeting has been called.
- 3 A register will be provided for those persons wanting to make a statement to enter their name. The Presiding Member may call persons registered to come forward in an order that allows the maximum opportunity for as many people as possible to address the meeting on the widest range of matters that are listed in the agenda. Persons that come forward are to state their name and full address.
- 4 Public statement time will be limited to two minutes per person.
- 5 Members of the public are encouraged to keep their statements brief to enable everyone who desires to make a statement to have the opportunity to do so.
- 6 Public statement time will be allocated a maximum time of 15 minutes. Public statement time is declared closed following the 15 minute allocated time period, or earlier than such time where there are no further statements.
- 7 Statements are to be directed to the Presiding Member and are to be made politely in good faith and are not to be framed in such a way as to reflect adversely or be defamatory on a particular Elected Member or City employee.
- 8 Where an Elected Member is of the opinion that a member of the public is making a statement at a Council meeting, that does not relate to a matter affecting the City, they may bring it to the attention of the Presiding Member who will make a ruling.
- 9 Statements will be summarised and included in the minutes of the Council meeting.

TABLE OF CONTENTS

ITEM NO.	TITLE	WARD	PAGE NO.
	ACKNOWLEDGEMENT OF TRADITIONAL CUSTODIANS		xi
	DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS		xi
	DECLARATIONS OF FINANCIAL INTEREST / PROXIMITY INTEREST / INTEREST THAT MAY AFFECT IMPARTIALITY		xi
	PUBLIC QUESTION TIME		xi
	PUBLIC STATEMENT TIME		xi
	APOLOGIES AND LEAVE OF ABSENCE		xi
	IDENTIFICATION OF MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC		xi
	REPORTS		1
JSC01-03/22	OCEAN REEF MARINA – DEVELOPMENT AGREEMENT AND LAND TRANSFER DEED	ALL	1
JSC02-03/22	OCEAN REEF MARINA – STAGE 1 SUBDIVISION APPLICATION	ALL	9
JSC03-03/22	OCEAN REEF MARINA – CONTRIBUTION TO OCEAN REEF SEA SPORTS CLUB AND OVERALL PROJECT FINANCIAL EVALUATION	ALL	16
	CLOSURE		29

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

Notice is hereby given that a Special Meeting of the Council will be held in the Council Chamber, Joondalup Civic Centre, Boas Avenue, Joondalup on **Tuesday 29 March 2022** commencing at **7.00pm**.

JAMES PEARSON
Chief Executive Officer
25 March 2022

Joondalup
Western Australia

VISION

“A global City: bold, creative and prosperous.”

PRIMARY VALUES

- Transparent.
- Accountable.
- Honest.
- Ethical.
- Respectful.
- Sustainable.
- Professional.

DISTINGUISHING VALUES

Bold

We will make courageous decisions for the benefit of our community and future generations.

Ambitious

We will lead with strength and conviction to achieve our vision for the City.

Innovative

We will learn and adapt for changing circumstances to ensure we are always one step ahead.

Enterprising

We will undertake ventures that forge new directions for business and the local community.

Prosperous

We will ensure our City benefits from a thriving economy built on local commercial success.

Compassionate

We will act with empathy and understanding of our community's needs and ambitions.

AGENDA

ACKNOWLEDGEMENT OF TRADITIONAL CUSTODIANS

Note: Members of the public are advised that prior to the opening of the Council Meeting, Mayor the Hon. Albert Jacob, JP will acknowledge the traditional custodians of the land and say a prayer.

DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

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

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.)

PUBLIC STATEMENT TIME

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

APOLOGIES AND LEAVE OF ABSENCE

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.

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

REPORTS

JSC01-03/22

OCEAN REEF MARINA – DEVELOPMENT AGREEMENT AND LAND TRANSFER DEED

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

PURPOSE

For Council to 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 this Report, subject to any minor drafting amendments required;*
 - 1.2 *execute the Land Transfer Deed as detailed in Attachment 2 to this Report 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)
Operating Surplus vs Baseline	(\$110)	\$1,104	\$277	(\$137)
		\$1,214	\$386	(\$27)

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.

RECOMMENDATION

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.**

Appendix 1 refers

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

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

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

PURPOSE

For Council to 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.

RECOMMENDATION

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.

Appendix 2 refers

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

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

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

PURPOSE

For 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 500m² 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 9,100m². 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 4,000m². 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 - conditions of release

Whilst 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
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	Best Case	Realistic	Worst Case
	\$000s	\$000s	\$000s	\$000s
Operating Income	\$212	\$3,891	\$3,166	\$2,715
Operating Cash Expenses	(\$221)	(\$1,641)	(\$1,683)	(\$1,580)
Operating Surplus/(Deficit) BEFORE Depreciation	(\$8)	\$2,251	\$1,483	\$1,135
Depreciation	(\$101)	(\$1,146)	(\$1,206)	(\$1,272)
Operating Surplus/(Deficit) AFTER Depreciation vs Baseline	(\$110)	\$1,104	\$277	(\$137)
		\$1,214	\$386	(\$27)

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 ²)	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.

No	Item	Impact	Reason for change
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 500m² 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</p>

No	Item	Assumption	Comment
			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'.
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	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.
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	<p>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 expansive. 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.</p> <p>This report does not include any details of the cashflows for the next five or ten years because they are based on outdated assumptions.</p>
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

No	Item	Assumption	Comment
			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)
Operating Surplus/(Deficit) BEFORE Depn	\$14	\$2,785	\$1,963	\$1,597
Depreciation / Asset Replacement	(\$102)	(\$1,310)	(\$1,378)	(\$1,452)
Operating Surplus/(Deficit) AFTER Depn vs Baseline	(\$88)	\$1,475	\$585	\$144
		\$1,563	\$673	\$232

The table below compares the updated projections versus February 2021.

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

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 500m², 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.

RECOMMENDATION**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”.**

CLOSURE



**DECLARATION OF FINANCIAL INTEREST / PROXIMITY INTEREST /
INTEREST THAT MAY AFFECT IMPARTIALITY**

**To: CHIEF EXECUTIVE OFFICER
CITY OF JOONDALUP**

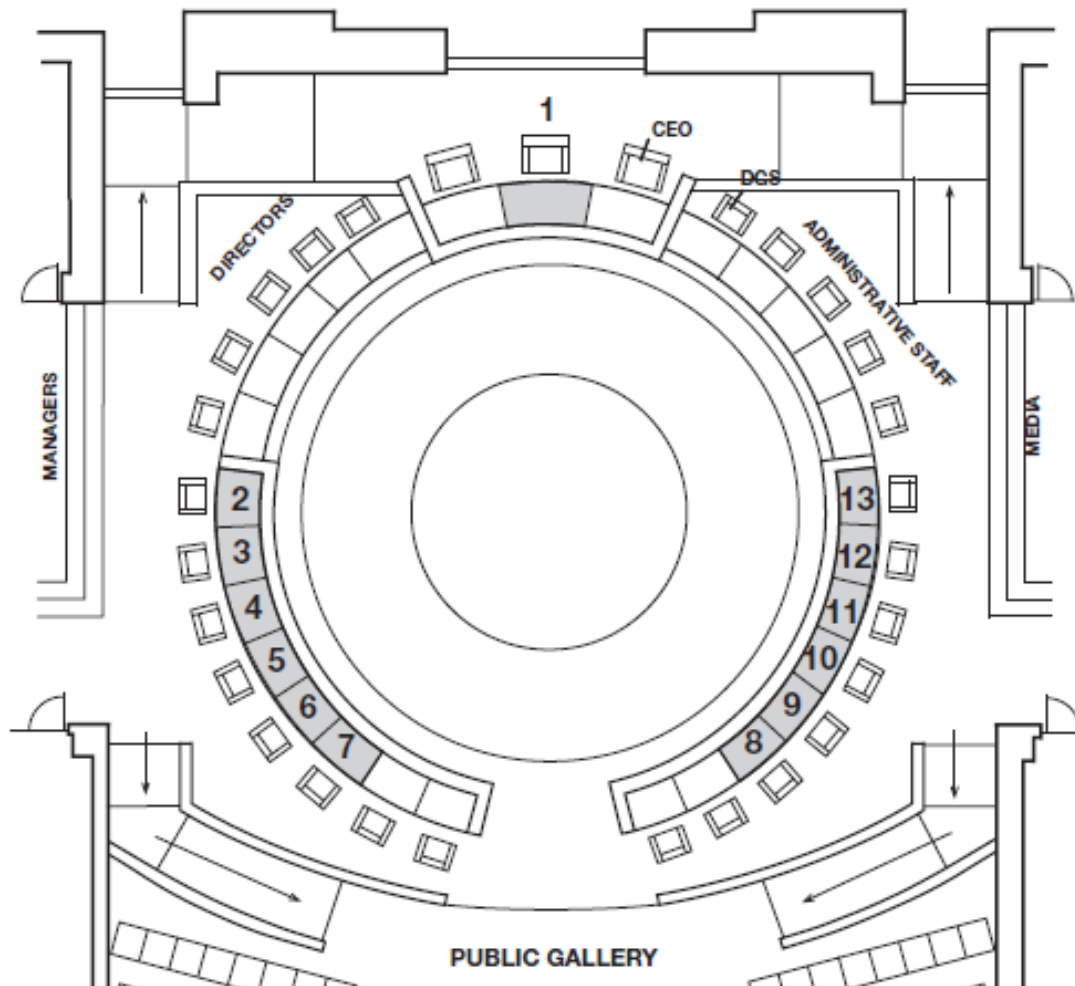
Name / Position		
Meeting Date		
Item No. / Subject		
Nature of Interest	Financial Interest * Proximity Interest* Interest that may affect impartiality*	<i>*Delete where not applicable</i>
Extent of Interest		
Signature		
Date		

Section 5.65(1) of the *Local Government Act 1995* states that:

“A member who has an interest in any matter to be discussed at a Council or Committee meeting that will be attended by that member must disclose the nature of the interest:

- (a) in a written notice given to the CEO before the meeting; or*
- (b) at the meeting immediately before the matter is discussed.”*

Council Chamber – Seating Diagram



Mayor

1 His Worship the Mayor, Hon. Albert Jacob, JP (Term expires 10/25)

North Ward

- 2 Cr Adrian Hill (Term expires 10/25)
- 3 Cr Tom McLean, JP (Term expires 10/23)

North-Central Ward

- 4 Cr Daniel Kingston (Term expires 10/25)
- 5 Cr Nige Jones (Term expires 10/23)

Central Ward

- 6 Cr Christopher May (Term expires 10/25)
- 7 Cr Russell Poliwka (Term expires 10/23)

South-West Ward

- 8 Cr Christine Hamilton-Prime (Term expires 10/25)
- 9 Cr John Raftis (Term expires 10/23)

South-East Ward

- 10 Cr John Chester (Term expires 10/25)
- 11 Cr John Logan (Term expires 10/23)

South Ward

- 12 Cr Russ Fishwick, JP (Term expires 10/25)
- 13 Cr Suzanne Thompson (Term expires 10/23)