

## CITY OF COCKBURN

### MINUTES OF SPECIAL COUNCIL MEETING HELD ON THURSDAY, 23 APRIL 2015 AT 6:00 PM

#### PRESENT:

##### ELECTED MEMBERS

Mr L Howlett	-	Mayor (Presiding Member)
Mrs C Reeve-Fowkes	-	Deputy Mayor
Mr K Allen	-	Councillor
Ms L Wetton	-	Councillor
Mr Y Mubarakai	-	Councillor
Mr S Portelli	-	Councillor
Mr S Pratt	-	Councillor
Mr P Eva	-	Councillor
Mr B Houwen	-	Councillor

##### IN ATTENDANCE

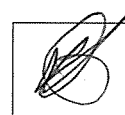
Mr S. Cain	-	Chief Executive Officer
Mr D. Green	-	Director, Governance & Community Services
Mr S. Downing	-	Director, Finance & Corporate Services
Mr C. Sullivan	-	Director, Engineering & Works
Mr D. Arndt	-	Director, Planning & Development
Mr A. Lacquiere	-	Recreation Services Coordinator
Ms V. Viljoen	-	PA to the CEO
Ms H. Jestribeek	-	Media Liaison Officer

#### 1. DECLARATION OF MEETING

Presiding Member declared the meeting open at 6.01pm.

#### 2. APPOINTMENT OF PRESIDING MEMBER (If required)

Not applicable.



**3. DISCLAIMER (To be read aloud by Presiding Member)**

Members of the public, who attend Council Meetings, should not act immediately on anything they hear at the Meetings, without first seeking clarification of Council's position. Persons are advised to wait for written advice from the Council prior to taking action on any matter that they may have before Council.

**4. ACKNOWLEDGEMENT OF RECEIPT OF WRITTEN DECLARATIONS OF FINANCIAL INTERESTS AND CONFLICT OF INTEREST (by Presiding Member)**

Nil

**5 (SCM 23/4/2015) - APOLOGIES & LEAVE OF ABSENCE**

- Cllr Lee-Anne Smith - Apology
- 

**6. PUBLIC QUESTION TIME**

Nil

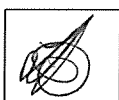
**7. DECLARATION BY COUNCILLORS WHO HAVE NOT GIVEN DUE CONSIDERATION TO MATTERS CONTAINED IN THE BUSINESS**

Nil

**8 (SCM 23/4/2015) - PURPOSE OF MEETING**

The purpose of the meeting is to consider:

- (a) the cost variations relating to LandCorp's development of the site of the Regional Physical Activity & Education Centre at Cockburn Central West; and
- (b) the amendment to the Scope of Works associated with the water slides for the project.



## 9. COUNCIL MATTERS

### 9.1 **(MINUTE NO 5493)** (SCM 23/4/2015) - BUDGET VARIATION : REGIONAL PHYSICAL ACTIVITY & EDUCATION CENTRE (RPAEC) AT COCKBURN CENTRAL WEST (CCW) (154/006) (A LACQUIERE) (ATTACH)

#### **RECOMMENDATION**

That Council:

- (1) provide an additional \$1.71M towards the site development costs for the RPAEC at CCW, to be funded from the CCW Reserve;
- (2) amend the 2014/15 adopted budget Capital Works– CCW, RPAEC account from \$3.95M to \$5.66M; and
- (3) provide an additional \$1.1M towards the cost to upgrade the two feature waterslides to achieve the revenue targets in accordance with the adopted Business Plan and \$0.48M for the necessary works to accommodate the main Optus cable on the site. The cost estimate for the RPAEC facility to be increased accordingly by \$1.58M.

**TO BE CARRIED BY AN ABSOLUTE MAJORITY OF COUNCIL**

#### **COUNCIL DECISION**

MOVED Clr S Portelli SECONDED Clr L Wetton that Council adopt the recommendation with amendments to sub-recommendation (3) as follows:

- (1) & (2) as recommended; and
- (3) provide an additional \$1.4M towards the cost to upgrade the three feature water slides to achieve the revenue targets in accordance with the adopted Business Plan and \$0.48M for the necessary works to accommodate the main Optus cable on the site. The cost estimate for the RPAEC facility to be increased accordingly to \$1.88M.

**CARRIED BY ABSOLUTE MAJORITY OF COUNCIL 8/1**



## Reason for Decision

It is apparent that the returns on the upgraded water slides will have a large impact on revenue, traffic numbers and hence have a flow-on to surrounding businesses. With an increase in revenue of around 25% on this investment, it is not a matter of whether it is feasible but rather can we come up with a further \$300,000 for this upgrade. We owe it to our community to take this opportunity.

## Background

The City is now finalising the design and the cost for the construction of the RPAEC with the preferred Tenderer, Brookfield Multiplex. The design has progressed through an interactive and open value management process in accordance with the prescribed cost estimate for the project construction component. However, over the course of the development, there have been two elements that the project team sought to absorb through the current design which are:

1. Changes in cost for the site development, and
2. Changes for the provision of space for Curtin University and function areas on level 1.

Currently, it is not possible to incorporate the cost of these elements without compromising the functionality of the building. Additionally, the feature waterslide component of the facility proposed by the preferred tenderer, Brookfield Multiplex, is unlikely to achieve the revenue outcomes of the Business Plan and therefore a more attractive feature waterslide option needs to be incorporated in line with the original design.

## Submission

Nil

## Report

### *Land Development Costs*

The cost estimate for the development of the RPAEC has always included an allowance for the land development cost which was originally estimated by LandCorp at \$3.95M. LandCorp, as the developer of the CCW site, was required to provide the City with a developable parcel of land on which the City could build the RPAEC facility. The cost was to provide basic site development requirements such as power, water, gas, telecommunications and bulk earth works for which the City allowed a budget of \$3.95M in its original Business Plan endorsed by Council at the June 2013 meeting.



In order for LandCorp to undertake these works to the site, a Delivery Agreement was established to specifically detail the scope of development works for the precinct and finalise a cost contribution from the City. With the progression of the designs of the RPEAC, the land development cost was increased significantly by LandCorp to \$5.66M. This figure was an increase by \$1.71M compared to the original estimate of \$3.95M. The figure of \$5.66m is now fixed with any increase beyond \$5.66m being the responsibility of LandCorp.

In addition to the increase outlined above, LandCorp advised the City in July 2014 that a major optic fibre owned by Optus was running through the western portion of the site impacting on the design of the main car park. LandCorp redesigned the development to avoid the Optus cable. As a consequence the City was forced to redesign the carpark and western elevations of the RPAEC at an additional estimated cost of \$0.48M. The City did explore options to redirect the cable but found the relocation cost to be prohibitive when compared with the recommended solution. No party was aware of the existence of the Optus cable let alone its location on the CCW site. This cost will be incurred by Brookfield Multiplex and included in the proposed building contract.

The project team for the RPAEC used its best endeavours to absorb the increases outlined above based on the cost advice by the Quantity Surveyor. Given the current cost estimates for the buildings, pools and geothermal works, the cost increase for the land development including the Optus fibre cable, were unable to be absorbed in the current cost estimate. The City is now finalising the design and construction cost of the RPAEC and will be on budget providing additional funds are provided to separately account for the higher than anticipated site development costs.

### ***Feature Waterslides***

Feature Waterslides in the modern leisure facility are considered a vital attraction that now play a key role in generating revenue for the next generation of aquatic and recreation facilities. There is an increasing market in waterslide attractions at aquatic centre venues across Australia, however there is a big difference between the types of waterslides in the eastern states compared to Western Australia.

Under the original proposal for the feature waterslides, the design team sought feedback from other facility managers and suppliers of feature waterslides across Australia. Taking into account staffing, number of users, operational costs, competition and budget, two feature slides were conceptually designed and used to form the basis of the tender specification. (Refer to Attachment 1)



The feature waterslide components form part of the main building works package and under the current proposal by the preferred tenderer, Brookfield Multiplex, the waterslides proposed do not meet the desired brief in regards to the features required (Refer to attachment 2). The proposed feature waterslides, along with other value engineering items, meet the existing cost estimate.

The decision to proceed with the feature waterslides proposed by the preferred tenderer is likely to have a negative impact on the projected revenue for the aquatic components of RPAEC. Under the current Business Plan the revenue is projected, for the original 2 slide feature proposal, at \$480k per annum. Should the basic waterslides as proposed by the preferred tenderer be adopted, then a significant decrease could be expected in the projected revenue arising from the installation of an inferior waterslide package. To understand the impact of basic waterslides, one only has to view the newest aquatic facility development in WA which is Canning Leisureplex, developed by the City of Canning. Canning Leisureplex has one basic waterslide (Refer Attachment 3) that generates approximately \$30,000 in revenue per year. The advice from the Facility and Project Manager at the City of Canning was if they had had additional funding they would have explored feature waterslides as they were aware of the revenue implications of installing lessor options.

At the other end of the feature waterslide spectrum is WaterMarc, a new aquatic facility recently developed by the Greensborough City Council in Victoria, which has two feature waterslides that have generated an income of \$1.1M in the first twelve months of operation. The WaterMarc facility currently experiences approximately 1,500 attendances per week for the waterslides alone, which is about 10% of the overall attendances at WaterMarc. The waterslides are now one of the major revenue streams for the WaterMarc facility and it is this concept that is being proposed for the RPAEC.

It is recommended that additional funds are allocated to the RPAEC to ensure a minimum of two feature waterslides are provided based on the following:

1. The feature waterslides will provide a positive visual impact statement to the facility;
2. Feature waterslides are expected to generate revenue of \$480K in the first year;
3. There is no comparable feature waterslides currently in Western Australia and therefore this provides an additional unique experience to the facility all year round;
4. Better ability to market and promote the facility; and



5. Current public perception is for the facility to include feature waterslides.

Further to the consideration on the two feature waterslides outlined above, is the option to add a third feature waterslide.

Late in the design process the project team consulted with a select group of City of Cockburn staff who identified a gap providing an intermediate type slide experience. This feedback was taken on board and a third feature waterslide concept proposal was developed (refer to attachment 4). The intention was to include the third feature waterslide upon a favourable tender outcome.

The third feature waterslide, known as the 'Twister', allowed for people of all ages to experience a feature waterslide, but do not want to use the more extreme 'drop slide' or the large double person feature waterslide as proposed. At an additional cost of approximately \$300K, a third feature waterslide can be added to the facility which would provide an increase in revenue by approximately \$140K per annum.

The design of the space, pumps and filtration has allowed for the capacity to include the third feature waterslide should Council agree to endorse and fund this recommendation.

### ***Level 1 – Curtin University, Function Room and Future Expansion Space***

During the design planning phase for the RPAEC, the project team investigated the option to include a function space, meeting rooms, and future expansion space for the City to develop at a later stage. The area also allowed for a space of 387m<sup>2</sup> for Curtin University as well as shared function and meeting rooms with the Fremantle Football Club. Curtin University opted to reduce their space allocation down to 120m<sup>2</sup> with the City required to pick up the shortfall of space remaining. Whilst the additional City function space, meeting rooms and future expansion areas were not part of the original brief, they were included in the design as advice from the Quantity Surveyor at the time believed the cost estimate would allow for the increased scope as proposed above.

At present, the current design through the value engineering process has resulted in the City function and future expansion spaces being removed, with access to these facilities now through the shared function and meeting rooms with the Fremantle Football Club (refer to Attachment 5 - before and after drawings – Level 1.). There is minimal to no impact on the Business Plan with the removal of this space, however, advice has been sought on the option of providing a foundation for future expansion of the first floor. This would cost an additional \$760k. After reviewing this option, it is believed that it would not be feasible to undertake this provision, given the complexities and



cost premium that is likely to be incurred in seeking to develop this space at a later stage. As such it is recommended that no additional expansion space be provided.

### **Strategic Plan/Policy Implications**

#### ***Growing City***

- Investment in industrial and commercial areas, provide employment, careers and increase economic capacity in the City.

#### ***Infrastructure***

- Community facilities that meet the diverse needs of the community now and into the future.
- Community infrastructure that is well planned, managed, safe, functional, sustainable and aesthetically pleasing.
- Partnerships that help provide community infrastructure.

#### ***Community & Lifestyle***

- People of all ages and abilities to have equal access to our facilities and services in our communities.
- Promotion of active and healthy communities.

#### ***A Prosperous City***

- Sustainable development that ensures Cockburn Central becomes a Strategic Regional Centre.

#### ***Moving Around***

- Infrastructure that supports the uptake of public transport and pedestrian movement.

### **Budget/Financial Implications**

#### RPAEC Project Cost Estimates and Funding

The revised cost and funding estimates for the RPAEC project have now been received as the following tables demonstrates, which includes the additional site development costs of \$2.19M (comprising of land development costs of \$1.71M and Optus cable works of \$0.48M) and feature waterslides of \$1.1M:

<b>Stakeholder</b>	<b>Final Funding Requirement</b>
City of Cockburn	\$72.08M
Fremantle Football Club	\$12.94M
Federal Government RDAF	\$10.00M
State Government - Cabinet	\$10.00M
State Government - CSRFF	\$ 2.40M
Curtin University	\$ 1.00M
<b>Total Funding Contributions</b>	<b>\$108.42M</b>





**Legal Implications**

N/A

**Community Consultation**

N/A

**Attachment(s)**

Attachment 1 – Waterslide original concept design  
 Attachment 2 – Waterslide proposal from Brookfield Multiplex  
 Attachment 3 – Canning Leisureplex Waterslide  
 Attachment 4 – Third Waterslide concept design  
 Attachment 5 – Level 1 'before and after floorplans'

**Advice to Proponent(s)/Submissioners**

N/A

**Implications of Section 3.18(3) Local Government Act, 1995**

The provision and operation of leisure facilities is a typical function of local government, although it now operates in a competitive market, particularly in the gymnasium and fitness areas. In general, it is expected that local government provides a broad mix of aquatic, court and fitness options for the community. The CCW facility adheres strongly to that concept and in addition, has partnered with the private (Fremantle Football Club) and education (Curtin University) sectors to provide a unique, multi-functional facility capable of being a major drawcard for the community and an attractive client based opportunity for Council.

The premises have been designed to minimise initial capital costs for the tenancy spaces, which has been made possible by securing State and Federal funding as a contribution to the initial construction. Each tenant has also paid a proportional initial establishment cost for independent areas of occupancy and is responsible for outgoings and associated depreciation costs to ensure ongoing operational expenditure is accounted for.

With the majority of the building being the responsibility of the City of Cockburn, a Business and Operational Management Plan has been adopted by Council which determines the financial model for the ongoing performance of those areas. The Plan indicates that these operational requirements will be partly subsidised by Council for the first 3 years, before generating operating surpluses. Council will also



be responsible for cash backing the depreciation costs of its responsible areas, to ensure adequate provision for major maintenance and replacement costs, when required in future.

10. **(MINUTE NO 5494) (SCM 23/4/2015) - RESOLUTION OF COMPLIANCE (SECTION 3.18(3), LOCAL GOVERNMENT ACT 1995)**

**RECOMMENDATION**

That Council is satisfied that resolutions carried at this Meeting and applicable to items concerning Council provided services and facilities, are:-

- (1) integrated and co-ordinated, so far as practicable, with any provided by the Commonwealth, the State or any public body;
- (2) not duplicated, to an extent Council considers inappropriate, services or facilities as provided by the Commonwealth, the State or any other body or person, whether public or private; and
- (3) managed efficiently and effectively.

**COUNCIL DECISION**

MOVED Clr K Allen SECONDED Clr S Portelli that the recommendation be adopted.

**CARRIED 9/0**

11 **(SCM 23/4/2015) - CLOSURE OF MEETING**

MEETING CLOSED AT 6.15PM

**CONFIRMATION OF MINUTES**

I, LOGAN KENNETH HOWLETT (Presiding Member) declare that these minutes have been confirmed as a true and accurate record of the meeting.

Signed: 

Date: 28.5.15

