

Business Plan to enter into a Major Land Transaction

Cockburn Aquatic and Recreation Centre Expansion Project
31 Veterans Parade Cockburn Central WA 6164
Reserve 52844

Business Plan for a Major Land Transaction in accordance with the
Local Government Act 1995.



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Acknowledgement of Country

The Mayor, Councillors and staff of the City of Cockburn acknowledge the Whadjuk Nyungar people of Beeliar boodja as the traditional custodians of this land. We pay our respect to the Elders, past, present and emerging.

Introduction

The *Local Government Act 1995* requires that before a local government enters into a major land transaction it needs to prepare a business plan that complies with the requirements of s3.59 and any associated regulations.

As a part of the preparation of the business plan, the local government is required to undertake an advertising period of not less than six weeks, during which it will receive submissions on the business plan. At the close of the advertising period, any submissions received need to be considered before the business plan can be adopted.

This business plan details an overall assessment of the major land transaction which is the expansion of the facilities at the Cockburn Aquatic and Recreation Centre (Cockburn ARC) located at 31 Veterans Parade, Cockburn Central.

Background

Cockburn ARC opened in May 2017 and has performed well over expectations in terms of attendance and membership numbers. This has put pressure on the health and fitness areas of the facility, with many members unable to access the equipment and classes on a regular basis.

In February 2020, Council adopted the recommendation to proceed with the Cockburn ARC Expansion Feasibility Study (including a preliminary concept design) which included \$500k in the 2020/21 annual budget to commence the design process. The study was a joint initiative completed in partnership with the Fremantle Football Club (FFC) and intended to provide a plan to allow for the future expansion of the precinct to cater for future growth.

At the September 2021 OCM, Council adopted the approach to partner with the FFC to complete their portion of works alongside the City to ensure that the best outcome for the community could be achieved. Council authorised the Chief Executive Officer to enter negotiations with the FFC to undertake the development of a Heads of Agreement (HoA) and to provide the Club prefunding of up to \$5.8m (ex GST) to complete FFC's proposed works as part of the Cockburn ARC expansion project.

The funding arrangement changed from the resolution of September 2021 with the FFC to provide up to \$6m to fund their portion of the expansion project.

Council at the Ordinary Council meeting on 10 November 2022 resolved:

“That Council:

- 1) NOTES the proposed funding model for the Fremantle Football Club portion of the works
- 2) AUTHORISES the Chief Executive Officer to execute the HoA with the FFC: and
- 3) ENDORSES proceeding with a business plan.”

The HoA is a statement of intent between the City and FFC and was signed in December 2022. An initial business plan was advertised on 15 December 2022 and closed on 26 January 2023. This plan was resolved to proceed by Council at the 9 February 2023 Ordinary Council Meeting.

Since this time, market forces have caused an increase in project costs so a revised business plan has been prepared.

To satisfy s3.59 of the *Local Government Act 1995* and the *Local Government (Functions and General) Regulations 1996* the business plan must include an overall assessment of the major land transaction and include details of:

- Expected effect on the provision of facilities and services by the local government
- Expected effect on other persons providing facilities and services in the City
- Expected financial effect on the local government
- Expected effect on matters referred to in the local government’s current plan prepared under section 5.56
- The ability of the local government to manage the undertaking or the performance of the transaction
- Any other matter prescribed for the purposes of this subsection.

Assessment required by the Local Government Act 1995

Expected effect on the provision of facilities and services by the local government

The intention of partnering with the FFC to complete their portion of works alongside the City's is to ensure that the best outcome can be achieved for the community by providing increased access to community amenities. Should the FFC component of works not occur in sync with the City, it would leave a large 'dead space' with a sense of it being an unfinished project.

One of the key components of the FFC works is the development of gender-neutral change rooms available for the broader community, in addition to an AFLW team change room who are currently using makeshift facilities.

The FFC is committed to increasing the amount of community use on the reserve with the development of new supporting programs. This will assist in the City's overall active open space provision which under the standards outlined in the Community Sport and Recreation Facilities Plan, there is an undersupply of approximately two district and four neighbourhood ovals.

The overall project will result in an additional 1950m² of floor space which includes the following key components:

The City's components - 695m² of new and approximately 1,999m² of reconfigured space including the existing gym floor:

- Increasing the gym floor space to 1500m²
- Increasing the Body and Mind Studio to 250m²
- Relocating and modifying the main group fitness studio
- Relocating and modifying the indoor cycle studio
- Converting existing administration spaces to increase gym floor space
- Moving the administration spaces to other areas within the facility.

FFC Components - 790m² internal + 465m² outdoor terrace and seating:

- Gender neutral change rooms and amenities
- Spectator seating area and public amenity
- DDA toilet
- Multipurpose room

Expected effect on other persons providing facilities and services in the City

The City of Cockburn has experienced significant population growth over the past 10 years and is forecast to grow from 120,000 to 150,000 by 2030. Cockburn ARC membership has stagnated since February 2018 with a primary contributor to this stagnation appearing to be related to health and fitness facility overcrowding, highlighting an inability to appropriately service our community. There are ample private facilities within the City of Cockburn, these commercial entities are further testament to the participation in health and fitness activities within the City of Cockburn, providing a broad range of options for the growing community.

The City's Community Sport and Recreation Facilities Plan outlines an undersupply of approximately two district and four neighbourhood ovals. This development will provide facilities that positively impact local football community clubs in accessing another match and training venue within the south metro area.

The development will also include a multipurpose space that is provisioned to be utilised by SEDA College to run year 12 classes and a diploma course during business hours. Outside of these hours the multipurpose space will be accessible to the local community (not for profit and businesses) as a hireable meeting/program space.

The FFC will benefit from the investment in infrastructure which will address the current inequality in the AFLW and the AFL men's facilities. The FFC's AFLW team currently uses makeshift community changeroom facilities originally built to service the Cockburn ARC indoor stadium facilities. These facilities will now be available to grow community participation further within the indoor stadium.

The facilities will allow FFC to grow and strengthen its partnership with WA Police, which focuses heavily on youth engagement programs. The facility upgrade will also allow the FFC to expand its partnership with WA All Abilities Football as part of the alignment with the Purple Hands Foundation, who has committed to a five-year partnership and became a founding partner in 2021.

Local contractors with suitable experience to provide trade packages have been encouraged to participate in the tender process. From an economic impact with an output of \$17.5m, the corresponding creation of jobs is estimated to be 86. From this direct expansion in the economy, flow-on supply-chain effects in terms of local purchases of goods and services are anticipated, and it is estimated that these indirect impacts would result in the gain of a further 28 jobs.

Expected financial effect on the local government

The City undertook a feasibility study in 2019 to investigate the need to expand and redesign the health and fitness areas. The study involved an extensive period of research, strategic analysis, and planning. As part of the feasibility study, operational budget forecasting was completed, which outlined four potential scenarios:

- No Expansion
- Realistic membership performance
- Unrealistic membership performance
- Worst case membership performance.

On the basis of achieving a realistic membership scenario a net surplus of \$572k in the first full year, post construction as compared to a \$700k net loss should the expansion not be completed.

It is estimated that the payback period for expanding the health and fitness areas will be achieved within approximately ten years.

It is anticipated that the expansion will cost approximately \$17.5 million. The City will be signing the building contract as the principal and the building contract will relate to both the expansion of the City areas and the FFC areas. The parties will enter into a development agreement in relation to the expansion and the City will procure the works.

The City will pay for the costs of the City areas from its own funds set aside for that purpose. The City areas will cost approximately \$10.5m.

FFC will pay for the cost of their portion of the works totalling \$7 million from the following sources:

- WAFC/AFL \$650,000
- State Government \$2.5m
- FFC cash contribution \$3.85m

FFC have requested access to a capital contribution of up to \$1m through the City, without penalties for early payout and/or capital contributions.

It is proposed the capital contribution will be funded by the City and would be fixed to the remaining term of the initial 21-year period of the current lease (16 years), at the current West Australian Treasury Corporation (WATC) interest rate at the time of contract execution. FFC would make quarterly payments in the form of a rent to the City to repay the contribution plus the interest. Council would be required to endorse the capital contribution and repayment plan prior to approval which would be subject to a future report to Council.

As part of the same report, Council may consider a one off grant or contribution towards cost increases (if any) of the publicly accessible community elements of the FFC areas.

The parties will be varying FFC's existing lease documents to take into account the expansion of the FFC areas, the existing management & operations agreement will also be varied to take into account the shared usage arrangements that apply to the new FFC areas.

Expected effect on matters referred to in the local government's current plan prepared under section 5.56

The City must take into account the requirements of the City's future planning of the City. These requirements are as follows: Planning for the Future - Section 5.56 Local Government Act 1995.

(1) A local government is to plan for the future of the district

(2) A local government is to ensure that plans made under subsection (1) are in

Detailed below are plans prepared in accordance with regulations about planning for the future of the district:



The Corporate Business Plan guides the City in achieving the objectives listed in the Strategic Community Plan.

The underlying strategy of the Long-Term Financial Plan (LTFP) 2020 - 2021 to 2029 – 2030 (LTFP) is financial sustainability to ensure community assets and services can be maintained and provided by the Council at a reasonable cost over the life of the LTFP.

The Strategic Community Plan 2020-2030 includes major projects, activities and priorities that are included in the Corporate Business Plan. Community aspirations and priorities have been considered in the development of the strategic objectives of this plan and are grouped around the following five key outcome areas:

Local Economy	A sustainable and diverse local economy that attracts increased investment and provides local employment.
Environmental Responsibility	A leader in environmental management that enhances and sustainably manages our local natural areas and resources.
Community, Lifestyle and Security	A vibrant, healthy, safe, inclusive and connected community.
City Growth and Moving Around	A growing City that is easy to move around and provides great places to live.
Listening and Leading	A community focused, sustainable, accountable and progressive organisation.

The outcomes relevant to this major land transaction are:

- Local Economy
- Community, Lifestyle and Security
- City Growth and Moving Around.

Ability of the local government to manage the undertaking or the performance of the transaction

The City has a 40-year operational reputation, over 1,020 (503 FTE) employees, and well-established management systems and controls. It also has a range of facilities and infrastructure that support its activities and service delivery to the local community including over 120,000 residents.

The City has a long history of community services, recreation and infrastructure provision and has established specialist governance, quality assurance, evaluation, risk management and contract compliance processes which ensure the ongoing success of its projects. The City is deemed to be one of the most financially sustainable local authorities in WA.

A strong track record of successful grant and project management for community and recreation infrastructure has been demonstrated by the City. Recent examples include the \$109m Cockburn ARC, \$49m development of the Cockburn Health and

Community Facility, and \$9.5m Cockburn Bowling and Recreation Facility, which all received grant funding.

Each of these community facilities reflect the City's effective long term strategic planning, financial capacity, commitment to community consultation and community services and infrastructure provision that meet the needs of the rapidly growing population.

Any other matter prescribed for the purposes of this subsection

The City has already completed two rounds of community engagement in February 2019 and November/December 2019. Across the two periods of engagement a total of 2936 responses were received.

During the community engagement period, recently held in December 2019, the community was canvassed for their level of support for the proposed expansion, with each component receiving over 95% support.

To make a submission

Section 3.59 of the *Local Government Act 1995* requires the City to give state-wide and local public notice of the major land transaction under consideration and to invite the public to make submissions for a minimum 6-week period.

A Public Notice will be placed in the local paper on Thursday 7 September 2023 and in the 'West Australian' on Wednesday 6 September 2023. The Business Plan will be available at the City's Administration Building, at the City's libraries and also on the City's website (cockburn.wa.gov.au)

In order for the submission to be accepted, submissions are to be made in written form by no later than 4pm Thursday 19 October 2023

Submissions can be completed in the following ways:

- Submitted online via the City's Comment on Cockburn platform;
- Mailed by pre-paid post to the Acting Chief Executive Officer at 9 Coleville Crescent, Spearwood 6163
- Emailed to customer@cockburn.wa.gov.au and addressed to the Acting Chief Executive Officer.

Submissions made via email or post are to be clearly marked 'Business Plan Submission – Cockburn Aquatic and Recreation Centre Expansion Project.



Contact Us

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