

10. REPORTS

10.1 STRATEGIC DIRECTION 1: COMMUNITY

10.1.1 Update on the proposed Recreation and Aquatic Facility

Location:	Collier Park Golf Course
Ward:	All
Applicant:	City of South Perth
File Ref:	D-21-90600
Meeting Date:	14 December 2021
Author(s):	Rebecca de Boer, Advisor - RAF
Reporting Officer(s):	Mark Taylor, Director Infrastructure Services
Strategic Direction:	Community: A diverse, connected, safe and engaged community
Council Strategy:	1.2 Community Infrastructure

Summary

This report provides an update of activities undertaken by the City of South Perth (City) on the Recreation and Aquatic Facility (RAF) since August 2021.

The City has submitted the formal funding proposal to the State Government and is awaiting a response. In the interim, the City is undertaking the necessary due diligence and preparatory work so Council can make future decisions about the RAF project in a timely and well-informed manner.

1221/247

Officer Recommendation AND COUNCIL DECISION

Moved: Councillor Carl Celedin
Seconded: Councillor Glenn Cridland

That Council notes the progress report on the Recreation and Aquatic Facility.

CARRIED (9/0)

For: Mayor Greg Milner and Councillors André Brender-A-Brandis, Carl Celedin, Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Jennifer Nevard, Stephen Russell.

Against: Nil.

Background

At its meeting held 24 August 2021, Council resolved as follows:

That Council:

1. *Defers consideration of transferring funds of \$1.02 million from the Community and Facilities Reserve to the Recreation and Aquatic Facility budget (to a total budget of \$1.42 million), to complete Concept and Schematic design for the Recreation and Aquatic Facility until:*

- a. *The City submits a formal funding proposal to the State Government for the RAF as soon as practicable.*
 - b. *A report is presented to Council by December 2021 on the progress of any funding commitments from the State Government and other parties.*
2. *Endorses commencing the request for information process for a Naming Rights partner; and*
 3. *Notes the outcome of the request for information process for the Naming Rights partner will be presented to Council for consideration.*

Comment

Formal Funding Proposal

The City submitted the formal funding proposal (also known as the 'Investment Business Case' or Treasury Business Case) to Minister Buti, Minister for Finance; Lands, Sport and Recreation; Citizenship and Multicultural Interests in October 2021. The Investment Business Case consisted of four volumes which provided a comprehensive overview of the project and outlined the economic, social and health benefits of the RAF.

The Minister has acknowledged receipt and referred the proposal to his Department for advice. Discussions with relevant Ministers, members of the State Government and the Department are ongoing.

The August Council report also outlined several actions to be undertaken by the City in the short-term including engagement of a project manager, finding a potential operator for the facility and explore options for naming rights.

Naming Rights

The August Council Report highlighted a potential revenue stream for the RAF not previously incorporated into the RAF Business model. Preliminary analysis of naming rights undertaken by the City (and the subject of a confidential briefing to Council) indicates there is considerable financial benefit in securing a long-term appropriate partner for exclusive naming rights for the RAF.

Given the nature of the proposed RAF and the scale and mix of potential facilities and services, naming rights for the RAF is likely to be an attractive proposition to a range of corporate or not for profit entities. Being the 'first' naming rights partner also provides additional value (and potential monetary return) to the process.

The City has commenced work on naming rights for the RAF and it is anticipated that procurement will commence early 2022.

Project Manager

The City has a contract in place for RAF project management services. A new procurement process is currently underway to ensure compliance with Procurement Policy.

One of the conditions of the Federal Funding Agreement for the \$20 million grant is appointment of a project manager by 1 March 2022. Completion of this milestone will result in payment of \$7 million to the City (to the Major Facilities Reserve and not drawn down unless approved by Council).

In accordance with the *Local Government Act 1995* and the City's procurement policies, the City has conducted a competitive procurement process for this role. Appointment of the Project Manager will be a decision for Council and is the subject of a separate report to be considered at the December meeting.

Appointment of RAF Operator

For a project of this scale, it is industry best practice to appoint the operator around the commencement of schematic design to maximise design and operational efficiencies.

Engagement of the RAF operator is an important part of the project as a capital contribution from the operator will be a condition of the contract. A market sounding exercise undertaken by the City earlier this year indicated a strong willingness by potential operators to make a significant financial contribution to the RAF.

The legal work for the procurement of a potential operator for the RAF is almost complete. The City anticipates that the procurement process for the RAF Operator will commence early 2022.

Summary

The Council remains the ultimate decision maker for the RAF project. The City is conducting due diligence so that the Council can be fully informed, and act in a timely manner, when making future decisions about the RAF.

Approval of the outcomes of the procurement processes outlined in this report will be the subject of future decisions by Council.

Consultation

Nil.

Policy and Legislative Implications

The procurement process for procurement of the RAF Operator and exclusive naming rights for the RAF will be conducted in accordance with the *Local Government Act 1995*.

The City has sought legal advice from Jackson McDonald Lawyers (City lawyers) and will continue to work closely with them when designing both procurement processes. A Probity Advisor will be appointed to oversee all procurement associated with the RAF.

Financial Implications

The 2021/22 City budget allocated \$400,000 to the RAF project. There is sufficient budget remaining for the City to complete the procurement processes outlined in this report and other ongoing work associated with the RAF project.

The project management tender is a fixed price and schedule of rates contract which means that any work carried out under that contract is in accordance with existing approvals and budgets and remains dependent on existing and future decisions of Council regarding funding the RAF.

10.1.1 Update on the proposed Recreation and Aquatic Facility

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2020-2030](#):

Strategic Direction: Community
Aspiration: A diverse, connected, safe and engaged community
Outcome: 1.2 Community infrastructure
Strategy: 1.2.3 Plan for and promote the development of recreation and aquatic facilities to service the City of South Perth needs

Attachments

Nil.

10.1.2 Tender 9/2021 Provision of Recreation and Aquatic Facility Project Management - City of South Perth

This Item was considered during 15.1 Matters for which the Meeting may be closed on page 113.