

# ATTACHMENTS

## Special Council Meeting

30 March 2023

# ATTACHMENTS TO AGENDA ITEMS

Special Council Meeting - 30 March 2023

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### 7.0.1 RECREATION AND AQUATIC FACILITY

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**INDICATIVE BUDGET COST ESTIMATE**

**CITY OF SOUTH PERTH RECREATION & AQUATIC FACILITY**

# CITY OF SOUTH PERTH RECREATION & AQUATIC FACILITY

## INDICATIVE BUDGET COST ESTIMATE



### LOCATION SUMMARY

GFA: Gross Floor Area  
Rates Current At February 2023

Ref	Location	GFA m <sup>2</sup>	GFA \$/m <sup>2</sup>	Total Cost \$
<b>S</b>	<b>DEMOLITION &amp; SITE PREPARATION</b>			<b>462,746.50</b>
<b>B</b>	<b>BUILDING WORKS</b>			
B1	Curtin Facilities	500	3,300	1,650,000.00
B2	Aquatic	2,858	5,966	17,051,100.00
B3	Health Club	1,650	2,864	4,725,000.00
B4	Common Facilities	475	3,721	1,767,250.00
B5	Food & Beverage	1,995	3,262	6,506,800.00
B6	Driving Range	1,758	4,726	8,308,250.00
B7	Plant			492,000.00
	<b>B - BUILDING WORKS</b>	<b>9,236</b>	<b>4,385</b>	<b>40,500,400.00</b>
<b>E</b>	<b>EXTERNAL WORKS &amp; SERVICES</b>	<b>1,237</b>	<b>4,324</b>	<b>5,349,380.00</b>
<b>O</b>	<b>OPTIONAL SCOPE - EXCLUDED</b>			<b>Excl.</b>
<b>ESTIMATED NET COST</b>		<b>10,473</b>	<b>4,422</b>	<b>46,312,526.50</b>
<b>MARGINS &amp; ADJUSTMENTS</b>				
	Preliminaries			Incl.
	Builders Margin			Incl.
<b>Construction Sub-total</b>		<b>10,473</b>	<b>4,422</b>	<b>46,312,526.50</b>
	Design Contingency	5.0%		2,318,000.00
	Construction Contingency	5.0%		2,432,000.00
	Statutory Fees & Charges	0.5%		257,000.00
	Professional Fees	10.1%		5,200,000.00
	CoSP Direct Fees and Charges			Excl.
	Headworks Fees and Charges	0.7%		400,000.00
	Public Art	0.9%		500,000.00
	Land Costs			Excl.
	Impacts of COVID-19 beyond current situation			Excl.
	Escalation to a Construction Start in May 2024	6.7%		3,849,000.00
	GST			Excl.
<b>BASED ON APPROVAL TO PROCEED TO FURTHER DESIGN IN MARCH 2023, 12 MONTHS DESIGN TO MARCH 2024 AND 2 MONTHS PROCUREMENT &amp; AWARD</b>				

# CITY OF SOUTH PERTH RECREATION & AQUATIC FACILITY

## INDICATIVE BUDGET COST ESTIMATE



### LOCATION SUMMARY

GFA: Gross Floor Area  
Rates Current At February 2023

Ref	Location	GFA m <sup>2</sup>	GFA \$/m <sup>2</sup>	Total Cost \$
<b>MARGINS &amp; ADJUSTMENTS (continued)</b>				
	OPTION COST 1 - INCREASE AQUATIC FLOOR AREA BY 220M2 + \$890,000			
<b>ESTIMATED TOTAL COST</b>		<b>10,473</b>	<b>5,850</b>	<b>61,268,526.50</b>

# CITY OF SOUTH PERTH RECREATION & AQUATIC FACILITY

## INDICATIVE BUDGET COST ESTIMATE



### LOCATION ELEMENTS ITEM S DEMOLITION & SITE PREPARATION

Rates Current At February 2023

Ref	Description	Unit	Qty	Rate \$	Total Cost \$
<b>AR</b>	<b>Alterations and Renovations to Existing Buildings</b>				
54	No allowance for modifications to existing depot	Item			Excl.
55	No allowance for modifications to existing waste transfer facilities	Item			Excl.
64	Allowance to demolish and remove sundry items	Item			60,000.00
78	Allowance to demolish CPGC clubhouse	Item			150,000.00
80	Allowance for modifications to existing driving range areas	Item			25,000.00
90	No allowance to demoish existing car park	m <sup>2</sup>	8,640.0		Excl.
	<b>AR - Alterations and Renovations to Existing Buildings</b>				<b>235,000.00</b>
<b>XP</b>	<b>Site Preparation</b>				
74	No allowance for soil re-mediation	Item			Excl.
99	Site clearance	m <sup>2</sup>	15,183.1	5.00	75,915.50
222	Allowance for minor bulk earthworks to achieve levels across site (\$ / Site Area - pending advice)	m <sup>2</sup>	15,183.1	10.00	151,831.00
	<b>XP - Site Preparation</b>				<b>227,746.50</b>
<b>DEMOLITION &amp; SITE PREPARATION</b>					<b>462,746.50</b>

# CITY OF SOUTH PERTH RECREATION & AQUATIC FACILITY

## INDICATIVE BUDGET COST ESTIMATE



### LOCATION ELEMENTS ITEM B BUILDING WORKS

B1 Curtin Facilities

GFA: 500 m<sup>2</sup> Cost/m<sup>2</sup>: 3,300  
Rates Current At February 2023

Ref	Description	Unit	Qty	Rate \$	Total Cost \$
<b>BA</b>	<b>Building Areas</b>				
275	Curtin Facilities	m <sup>2</sup>	500.00	3,300.00	1,650,000.00
				<b>3,300/m<sup>2</sup></b>	<b>1,650,000.00</b>
	<b>BA - Building Areas</b>				
				<b>3,300/m<sup>2</sup></b>	<b>1,650,000.00</b>
	<b>CURTIN FACILITIES</b>				

# CITY OF SOUTH PERTH RECREATION & AQUATIC FACILITY

## INDICATIVE BUDGET COST ESTIMATE



### LOCATION ELEMENTS ITEM B BUILDING WORKS

B2 Aquatic

GFA: 2,858 m<sup>2</sup> Cost/m<sup>2</sup>: 5,966  
Rates Current At February 2023

Ref	Description	Unit	Qty	Rate \$	Total Cost \$
<b>BA</b>	<b>Building Areas</b>				
141	Pool Hall - Leisure	m <sup>2</sup>	770.00	3,700.00	2,849,000.00
142	Pool Hall - Learn to Swim	m <sup>2</sup>	870.00	3,700.00	3,219,000.00
143	Pool Hall - Warm Water	m <sup>2</sup>	620.00	3,700.00	2,294,000.00
145	Pool Hall - Sauna	m <sup>2</sup>	70.00	3,700.00	259,000.00
146	Club Office	m <sup>2</sup>	35.00	3,450.00	120,750.00
150	Dining (Wet)	m <sup>2</sup>	35.00	4,250.00	148,750.00
151	Changerooms	m <sup>2</sup>	70.00	3,950.00	276,500.00
152	Change Facilities	m <sup>2</sup>	200.00	3,950.00	790,000.00
153	Pool Plant	m <sup>2</sup>	240.00	3,000.00	720,000.00
276	Pool Entry	m <sup>2</sup>	80.00	4,450.00	356,000.00
278	BOH Area	m <sup>2</sup>	58.00	2,600.00	150,800.00
280	Admin/ Reception	m <sup>2</sup>	30.00	3,650.00	109,500.00
338	Reduction to Aquatic floor area	m <sup>2</sup>	-220.00	3,000.00	-660,000.00
	<b>BA - Building Areas</b>			<b>3,721/m<sup>2</sup></b>	<b>10,633,300.00</b>
<b>SE</b>	<b>Special Equipment</b>				
154	Pool - Leisure	Item			1,150,000.00
155	Pool - Learn to Swim	Item			1,000,000.00
156	Pool - Warm Water	Item			1,825,000.00
158	Sauna	Item			135,000.00
159	Allowance for centralised pool filtration, heating and balance tanks etc.	Item			2,150,000.00
206	Equipment to Cafe (by operator)	Item			Excl.
209	Pool covers	m <sup>2</sup>	1,052.00	150.00	157,800.00
	<b>SE - Special Equipment</b>			<b>2,246/m<sup>2</sup></b>	<b>6,417,800.00</b>
<b>AQUATIC</b>				<b>5,966/m<sup>2</sup></b>	<b>17,051,100.00</b>

# CITY OF SOUTH PERTH RECREATION & AQUATIC FACILITY

## INDICATIVE BUDGET COST ESTIMATE



### LOCATION ELEMENTS ITEM B BUILDING WORKS

B3 Health Club

GFA: 1,650 m<sup>2</sup> Cost/m<sup>2</sup>: 2,864  
Rates Current At February 2023

Ref	Description	Unit	Qty	Rate \$	Total Cost \$
<b>BA</b>	<b>Building Areas</b>				
178	Gym	m <sup>2</sup>	1,550.00	2,800.00	4,340,000.00
182	Changerooms	m <sup>2</sup>	100.00	3,850.00	385,000.00
	<b>BA - Building Areas</b>			<b>2,864/m<sup>2</sup></b>	<b>4,725,000.00</b>
<b>SE</b>	<b>Special Equipment</b>				
208	No allowance for equipment to Gym (OPEX Cost - Leased)	Item			Excl.
	<b>SE - Special Equipment</b>				<b>Excl.</b>
<b>HEALTH CLUB</b>				<b>2,864/m<sup>2</sup></b>	<b>4,725,000.00</b>

# CITY OF SOUTH PERTH RECREATION & AQUATIC FACILITY

## INDICATIVE BUDGET COST ESTIMATE



### LOCATION ELEMENTS ITEM B BUILDING WORKS

B4 Common Facilities

GFA: 475 m<sup>2</sup> Cost/m<sup>2</sup>: 3,721  
Rates Current At February 2023

Ref	Description	Unit	Qty	Rate \$	Total Cost \$
<b>BA</b>	<b>Building Areas</b>				
184	Retail	m <sup>2</sup>	280.00	3,750.00	1,050,000.00
190	Creche	m <sup>2</sup>	140.00	3,650.00	511,000.00
282	Club Hire	m <sup>2</sup>	55.00	3,750.00	206,250.00
	<b>BA - Building Areas</b>			<b>3,721/m<sup>2</sup></b>	<b>1,767,250.00</b>
<b>SE</b>	<b>Special Equipment</b>				
220	Play equipment to Creche (by operator)	Item			Excl.
	<b>SE - Special Equipment</b>				<b>Excl.</b>
<b>COMMON FACILITIES</b>				<b>3,721/m<sup>2</sup></b>	<b>1,767,250.00</b>

# CITY OF SOUTH PERTH RECREATION & AQUATIC FACILITY

## INDICATIVE BUDGET COST ESTIMATE



### LOCATION ELEMENTS ITEM B BUILDING WORKS

B5 Food & Beverage

GFA: 1,995 m<sup>2</sup> Cost/m<sup>2</sup>: 3,262  
Rates Current At February 2023

Ref	Description	Unit	Qty	Rate \$	Total Cost \$
<b>BA</b>	<b>Building Areas</b>				
186	Food Kiosk	m <sup>2</sup>	95.00	4,100.00	389,500.00
191	Restaurant	m <sup>2</sup>	190.00	3,450.00	655,500.00
192	Bar Area	m <sup>2</sup>	220.00	3,650.00	803,000.00
194	Function Room	m <sup>2</sup>	330.00	3,950.00	1,303,500.00
195	Pre-Function Area	m <sup>2</sup>	140.00	3,950.00	553,000.00
196	Finishing Kitchen & Back of House	m <sup>2</sup>	250.00	3,200.00	800,000.00
281	Dry Cafe	m <sup>2</sup>	140.00	4,100.00	574,000.00
284	Central Bar	m <sup>2</sup>	60.00	3,650.00	219,000.00
287	Function Store	m <sup>2</sup>	40.00	2,900.00	116,000.00
288	Function WC	m <sup>2</sup>	60.00	4,480.00	268,800.00
289	Bar WC	m <sup>2</sup>	80.00	4,450.00	356,000.00
339	Reduction to Food & Beverage floor area	m <sup>2</sup>	-140.00	3,200.00	-448,000.00
	<b>BA - Building Areas</b>			<b>2,802/m<sup>2</sup></b>	<b>5,590,300.00</b>
<b>SE</b>	<b>Special Equipment</b>				
215	Kitchen Equipment (by operator)	Item			Excl.
217	Bar Equipment (by operator)	Item			Excl.
295	Dumb Waiter	No	1.00	95,000.00	95,000.00
	<b>SE - Special Equipment</b>			<b>48/m<sup>2</sup></b>	<b>95,000.00</b>
<b>TS</b>	<b>Transportation Systems</b>				
293	Passenger Lift	No	1.00	210,000.00	210,000.00
	<b>TS - Transportation Systems</b>			<b>105/m<sup>2</sup></b>	<b>210,000.00</b>
<b>XB</b>	<b>Outbuildings and Covered Ways</b>				
230	Function Terrace	m <sup>2</sup>	90.00	950.00	85,500.00
285	Outdoor Bar Area	m <sup>2</sup>	330.00	950.00	313,500.00
286	Outdoor Dining	m <sup>2</sup>	110.00	1,250.00	137,500.00
337	Allowance for external stairs to outdoor bar area	Item			75,000.00
	<b>XB - Outbuildings and Covered Ways</b>			<b>307/m<sup>2</sup></b>	<b>611,500.00</b>
<b>FOOD &amp; BEVERAGE</b>				<b>3,262/m<sup>2</sup></b>	<b>6,506,800.00</b>

# CITY OF SOUTH PERTH RECREATION & AQUATIC FACILITY

## INDICATIVE BUDGET COST ESTIMATE



### LOCATION ELEMENTS ITEM B BUILDING WORKS

B6 Driving Range

GFA: 1,758 m<sup>2</sup> Cost/m<sup>2</sup>: 4,726  
Rates Current At February 2023

Ref	Description	Unit	Qty	Rate \$	Total Cost \$
<b>BA</b>	<b>Building Areas</b>				
174	Golf Cart Storage	m <sup>2</sup>	370.00	2,200.00	814,000.00
197	Driving Range (Outdoor)	m <sup>2</sup>	1,388.00	2,000.00	2,776,000.00
335	Extra over for fitout to lounge bays	No	20.00	25,000.00	500,000.00
	<b>BA - Building Areas</b>			<b>2,327/m<sup>2</sup></b>	<b>4,090,000.00</b>
<b>SC</b>	<b>Staircases</b>				
336	Allowance for stairs to driving range	Item			40,000.00
	<b>SC - Staircases</b>			<b>23/m<sup>2</sup></b>	<b>40,000.00</b>
<b>SE</b>	<b>Special Equipment</b>				
305	Allowance for nets (assumed 40m high)	m	310.00	9,675.00	2,999,250.00
306	Allowance for automation (\$/bay)	No	60.00	6,000.00	360,000.00
307	Allowance for matts (\$/bay)	No	60.00	900.00	54,000.00
308	Allowance for balls	No	100,000.00	0.90	90,000.00
309	Allowance for technology to lounge bays (\$/bay)	No	20.00	6,000.00	120,000.00
310	Allowance for technology to teaching bays (\$/bay)	No	3.00	60,000.00	180,000.00
311	No allowance for leased technology (\$140k/year)	Item			Excl.
334	Indoor training simulator	Item			60,000.00
	<b>SE - Special Equipment</b>			<b>2,198/m<sup>2</sup></b>	<b>3,863,250.00</b>
<b>TS</b>	<b>Transportation Systems</b>				
293	Passenger Lift	No	1.00	210,000.00	210,000.00
	<b>TS - Transportation Systems</b>			<b>119/m<sup>2</sup></b>	<b>210,000.00</b>
<b>XL</b>	<b>Landscaping and Improvements</b>				
312	No allowance for artificial turf to hitting zone	m <sup>2</sup>	11,000.00		Excl.
313	No allowance for features to hitting zone	Item			Excl.
	<b>XL - Landscaping and Improvements</b>				<b>Excl.</b>
<b>XE</b>	<b>External Electric Light and Power</b>				
314	750w LED lighting fixed to roof of driving range to illuminate hitting zone	No	15.00	7,000.00	105,000.00
	<b>XE - External Electric Light and Power</b>			<b>60/m<sup>2</sup></b>	<b>105,000.00</b>
<b>DRIVING RANGE</b>				<b>4,726/m<sup>2</sup></b>	<b>8,308,250.00</b>

# CITY OF SOUTH PERTH RECREATION & AQUATIC FACILITY

## INDICATIVE BUDGET COST ESTIMATE



### LOCATION ELEMENTS ITEM B BUILDING WORKS

B7 Plant

Rates Current At February 2023

Ref	Description	Unit	Qty	Rate \$	Total Cost \$
<b>BA</b>	<b>Building Areas</b>				
296	Comms	m <sup>2</sup>	70.00	2,400.00	168,000.00
297	Security	m <sup>2</sup>	25.00	2,400.00	60,000.00
298	Pumps & Tanks	m <sup>2</sup>	80.00	2,400.00	192,000.00
299	Distribution Boards	m <sup>2</sup>	30.00	2,400.00	72,000.00
	<b>BA - Building Areas</b>				<b>492,000.00</b>
<b>PLANT</b>					<b>492,000.00</b>

# CITY OF SOUTH PERTH RECREATION & AQUATIC FACILITY

## INDICATIVE BUDGET COST ESTIMATE



### LOCATION ELEMENTS ITEM E EXTERNAL WORKS & SERVICES

GFA: 1,237 m<sup>2</sup> Cost/m<sup>2</sup>: 4,324  
Rates Current At February 2023

Ref	Description	Unit	Qty	Rate \$	Total Cost \$
<b>XR</b>	<b>Roads, Footpaths and Paved Areas</b>				
43	External pavements	m <sup>2</sup>	5,268.0	180.00	948,240.00
49	Allowance for minimal modifications to existing entry road	Item			20,000.00
225	No allowance to create Wellness Network pathways etc.	Item			Excl.
231	E/O allowance for timber decks and other features	Item			30,000.00
233	Creche outdoor area	m <sup>2</sup>	115.0	750.00	86,250.00
263	No allowance for Haymen Road slip lane	m	95.0		Excl.
304	Allowance for minor amendments to carpark	Item			15,000.00
316	Courtyard	m <sup>2</sup>	280.0	525.00	147,000.00
	<b>XR - Roads, Footpaths and Paved Areas</b>			<b>1,008/m<sup>2</sup></b>	<b>1,246,490.00</b>
<b>XN</b>	<b>Boundary Walls, Fencing and Gates</b>				
224	Allowance for fencing and gates	Item			100,000.00
	<b>XN - Boundary Walls, Fencing and Gates</b>			<b>81/m<sup>2</sup></b>	<b>100,000.00</b>
<b>XB</b>	<b>Outbuildings and Covered Ways</b>				
35	Allowance for transformer enclosure	Item			105,000.00
67	Allowance for covered areas	Item			250,000.00
255	Allowance for soffit linings to external soffits	m <sup>2</sup>	1,238.0	280.00	346,640.00
	<b>XB - Outbuildings and Covered Ways</b>			<b>567/m<sup>2</sup></b>	<b>701,640.00</b>
<b>XL</b>	<b>Landscaping and Improvements</b>				
48	Allowance for landscaping	Item			500,000.00
50	Allowance for external steps and ramps	Item			25,000.00
303	Allowance to reconfigure Practice Greens	Item			50,000.00
	<b>XL - Landscaping and Improvements</b>			<b>465/m<sup>2</sup></b>	<b>575,000.00</b>
<b>XK</b>	<b>External Stormwater Drainage</b>				
42	Allowance for external stormwater drainage	Item			250,000.00
259	Allowance for stormwater diversion (pending scope)	m	175.0	1,200.00	210,000.00
	<b>XK - External Stormwater Drainage</b>			<b>372/m<sup>2</sup></b>	<b>460,000.00</b>
<b>XD</b>	<b>External Sewer Drainage</b>				
32	Allowance for external sewer drainage	Item			40,000.00
318	Allowance for sewer pumping station	Item			120,000.00
53	Allowance for new sewer main from Haymen Road to buildings	m	575.0	750.00	431,250.00
	<b>XD - External Sewer Drainage</b>			<b>478/m<sup>2</sup></b>	<b>591,250.00</b>

# CITY OF SOUTH PERTH RECREATION & AQUATIC FACILITY

## INDICATIVE BUDGET COST ESTIMATE



### LOCATION ELEMENTS ITEM E EXTERNAL WORKS & SERVICES (continued)

GFA: 1,237 m<sup>2</sup> Cost/m<sup>2</sup>: 4,324  
Rates Current At February 2023

Ref	Description	Unit	Qty	Rate \$	Total Cost \$
<b>XW</b>	<b>External Water Supply</b>				
40	Allowance for external water supply	Item			67,500.00
	<b>XW - External Water Supply</b>			<b>55/m<sup>2</sup></b>	<b>67,500.00</b>
<b>XG</b>	<b>External Gas</b>				
41	Allowance for gas supply	Item			42,500.00
	<b>XG - External Gas</b>			<b>34/m<sup>2</sup></b>	<b>42,500.00</b>
<b>XF</b>	<b>External Fire Protection</b>				
33	Allowance for external fire protection services	Item			450,000.00
	<b>XF - External Fire Protection</b>			<b>364/m<sup>2</sup></b>	<b>450,000.00</b>
<b>XE</b>	<b>External Electric Light and Power</b>				
34	Allowance for new substation and site main switchboard	Item			210,000.00
36	Allowance for electrical mains	Item			105,000.00
37	Allowance for external light and power	Item			200,000.00
315	Allowance for 160kW solar PV array - No allowance for battery system	Item			315,000.00
	<b>XE - External Electric Light and Power</b>			<b>671/m<sup>2</sup></b>	<b>830,000.00</b>
<b>XC</b>	<b>External Communications</b>				
38	Allowance for external PA system	Item			75,000.00
	<b>XC - External Communications</b>			<b>61/m<sup>2</sup></b>	<b>75,000.00</b>
<b>XS</b>	<b>External Special Services</b>				
39	Allowance for external security / CCTV	Item			210,000.00
	<b>XS - External Special Services</b>			<b>170/m<sup>2</sup></b>	<b>210,000.00</b>
<b>EXTERNAL WORKS &amp; SERVICES</b>				<b>4,324/m<sup>2</sup></b>	<b>5,349,380.00</b>

# CITY OF SOUTH PERTH RECREATION & AQUATIC FACILITY

## INDICATIVE BUDGET COST ESTIMATE



### LOCATION ELEMENTS ITEM O OPTIONAL SCOPE - EXCLUDED

Rates Current At February 2023

Ref	Description	Unit	Qty	Rate \$	Total Cost \$
<b>XR</b>	<b>Roads, Footpaths and Paved Areas</b>				
221	Allowance for parking guidance system (\$/Car Bay) (\$750 / car bay)	Item			Excl.
226	Curtin Link (Design to Cost - \$2,500,000)	m	800.0		Excl.
	<b>XR - Roads, Footpaths and Paved Areas</b>				<b>Excl.</b>
<b>XL</b>	<b>Landscaping and Improvements</b>				
77	Allowance for Adventure Playground (\$1,100,000)	Item			Excl.
	<b>XL - Landscaping and Improvements</b>				<b>Excl.</b>
<b>YY</b>	<b>Special Provisions</b>				
75	Allowance for pedestrian signal road crossings to Kent Street (\$375,000)	Item			Excl.
211	Extra over allowance for geothermal heating (\$4,000,000)	Item			Excl.
212	Allowance for Leisure Water Facilities (\$4,200,000)	Item			Excl.
237	Provisional allowance for golf course temporary facilities (\$700,000)	Item			Excl.
257	Additional 300 No. additional car bays on suspended deck (\$8,500,000)	Item			Excl.
	<b>YY - Special Provisions</b>				<b>Excl.</b>
<b>OPTIONAL SCOPE - EXCLUDED</b>					<b>Excl.</b>

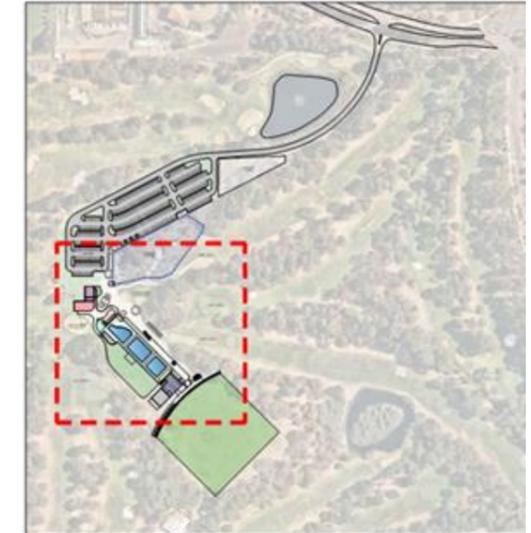
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**LOCATION PLAN**



**LEGEND**

- 1 CRECHE
- 1a CRECHE OUTDOOR PLAY AREA
- 2 CLUB HIRE
- 3 RETAIL
  
- 4 POOL ENTRY
- 5 RECEPTION
- 6 CAFE
- 6a KIOSK
- 6b CAFE (WET)
- 7 POOL CHANGE FACILITIES
- 8 LEARN TO SWIM POOL (INDOOR)
- 9 25M POOL (INDOOR)
- 10 WARM WATER POOL (INDOOR)
- 11 SAUNA, STEAM ROOMS
- 12 COURTYARD + FUTURE 50M OUTDOOR POOL
- 13 POOL PLANT ROOM
  
- 14 BACK OF HOUSE
- 15 SERVICE YARD
- 16 CART STORE + WASHDOWN
- 17 GOLF CHANGE FACILITIES
- 18 CLUB OFFICE
- 19 DRIVING RANGE
- 20 GOLF CART STAGING AREA
  
- 21 STAIRS TO LEVEL 1
- 22 LIFT TO LEVEL 1

19061  
CONCEPT  
1:750 @ A3



NEW OPTION 4B - STAGE 1  
GROUND FLOOR DIAGRAM  
SOUTH PERTH RECREATION &  
AQUATIC FACILITY





**LOCATION PLAN**



**LEGEND**

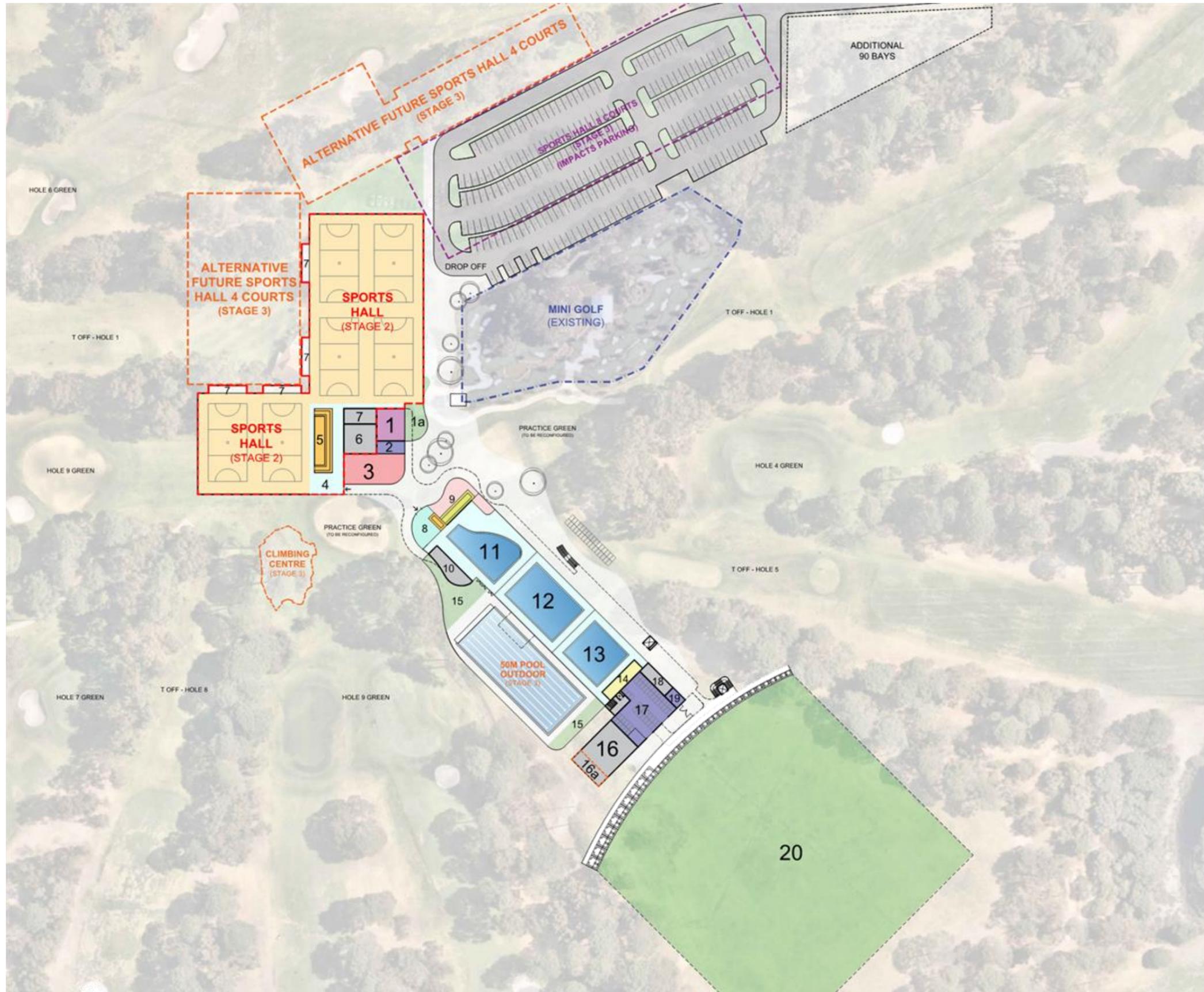
- 1 ROOF OF CRECHE, CLUB HIRE+ RETAIL
- 2 GYM
- 2a GYM CHANGE FACILITIES
- 3 CURTIN UNIVERSITY / COMMON AREA
- 4 OUTDOOR BAR SEATING + BALCONY
- 5 BAR AREA (INDOOR)
- 6 BAR SERVING
- 7 RESTAURANT
- 7a OUTDOOR DINING AREA
- 8 BAR + RESTAURANT TOILETS
- 9 PRE FUNCTION AREA
- 10 FUNCTION OUTDOOR BALCONY
- 11 FUNCTION ROOM
- 12 FUNCTION ROOM TOILETS
- 13 FUNCTION ROOM STORE
- 14 BACK OF HOUSE
- 15 COMMERCIAL KITCHEN
- 16 ROOF TO PLANT ROOM BELOW
- 17 DRIVING RANGE
- 18 PUBLIC STAIRS
- 19 PUBLIC LIFT

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CONCEPT  
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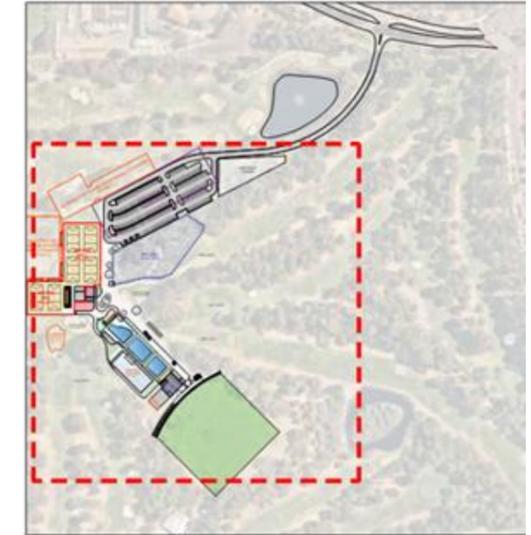


NEW OPTION 4B - STAGE 1  
LEVEL 1 DIAGRAM  
SOUTH PERTH RECREATION &  
AQUATIC FACILITY





**LOCATION PLAN**



**LEGEND**

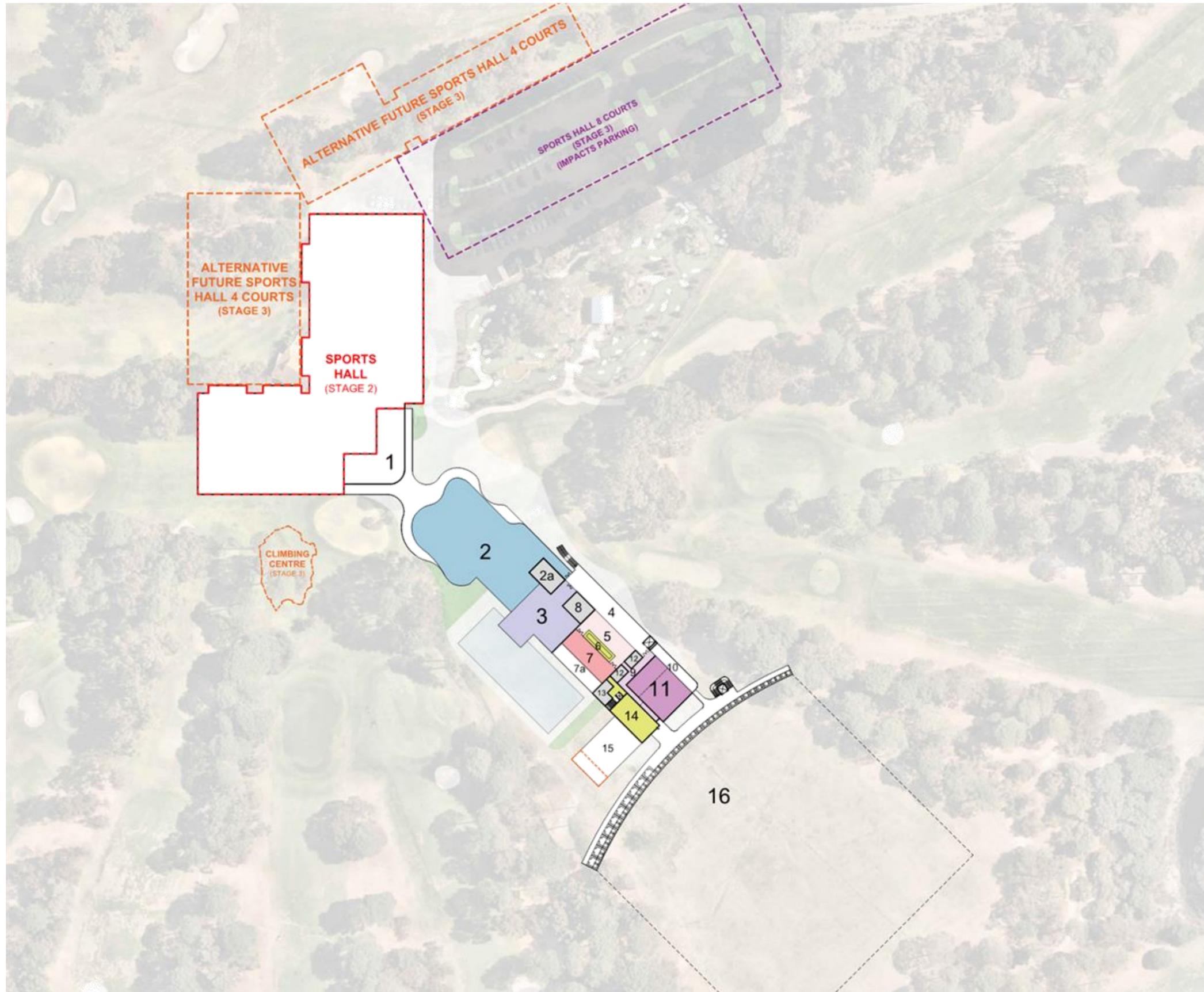
- 1 CRECHE
- 1a CRECHE OUTDOOR PLAY AREA
- 2 CLUB HIRE
- 3 RETAIL
- 4 MAIN ENTRY TO SPORTS HALL
- 5 SPORTS HALL RECEPTION + ADMIN
- 6 SPORTS HALL CHANGE FACILITIES
- 7 SPORTS STORES
  
- 8 POOL ENTRY
- 9 KIOSK, WET + DRY CAFE AREAS
- 10 POOL CHANGE FACILITIES
- 11 LEARN TO SWIM POOL (INDOOR)
- 12 25M POOL (INDOOR)
- 13 WARM WATER POOL (INDOOR)
- 14 SAUNA, STEAM ROOMS
- 15 COURTYARD
- 16 POOL PLANT ROOM
- 16a POOL PLANT EXPANSION
  
- 17 CART STORE + WASHDOWN
- 18 GOLF CHANGE FACILITIES
- 19 CLUB OFFICE
- 20 DRIVING RANGE

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CONCEPT  
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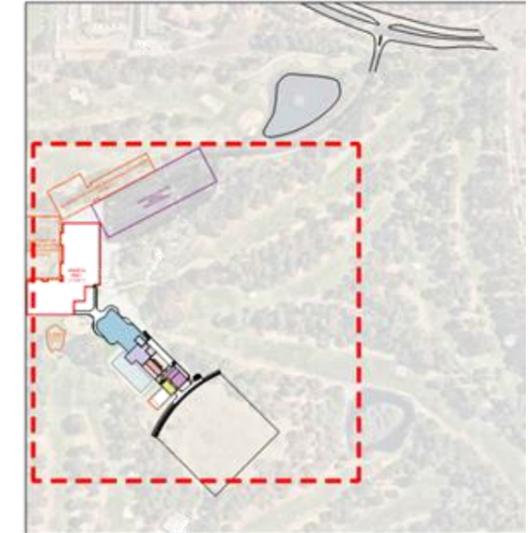


NEW OPTION 4B - STAGE 2+3  
GROUND LEVEL DIAGRAM  
SOUTH PERTH RECREATION &  
AQUATIC FACILITY





**LOCATION PLAN**



**LEGEND**

- 1 ROOF OF CRECHE, CLUB HIRE+ RETAIL
- 2 GYM
- 2a GYM CHANGE FACILITIES
- 3 CURTIN UNIVERSITY / COMMON AREA
- 4 OUTDOOR BAR SEATING + BALCONY
- 5 BAR AREA (INDOOR)
- 6 BAR SERVING
- 7 RESTAURANT
- 7a OUTDOOR DINING AREA
- 8 BAR + RESTAURANT TOILETS
- 9 PRE FUNCTION AREA
- 10 FUNCTION OUTDOOR BALCONY
- 11 FUNCTION ROOM
- 12 FUNCTION ROOM TOILETS
- 13 FUNCTION ROOM STORE
- 14 COMMERCIAL KITCHEN
- 15 ROOF TO PLANT ROOM BELOW
- 16 DRIVING RANGE

19061  
CONCEPT  
1:1500 @ A3



NEW OPTION 4B - STAGE 2+3  
LEVEL 1 DIAGRAM  
SOUTH PERTH RECREATION &  
AQUATIC FACILITY





# South Perth Recreation and Aquatic Facility

Updated Feasibility

March 2023  
22-138



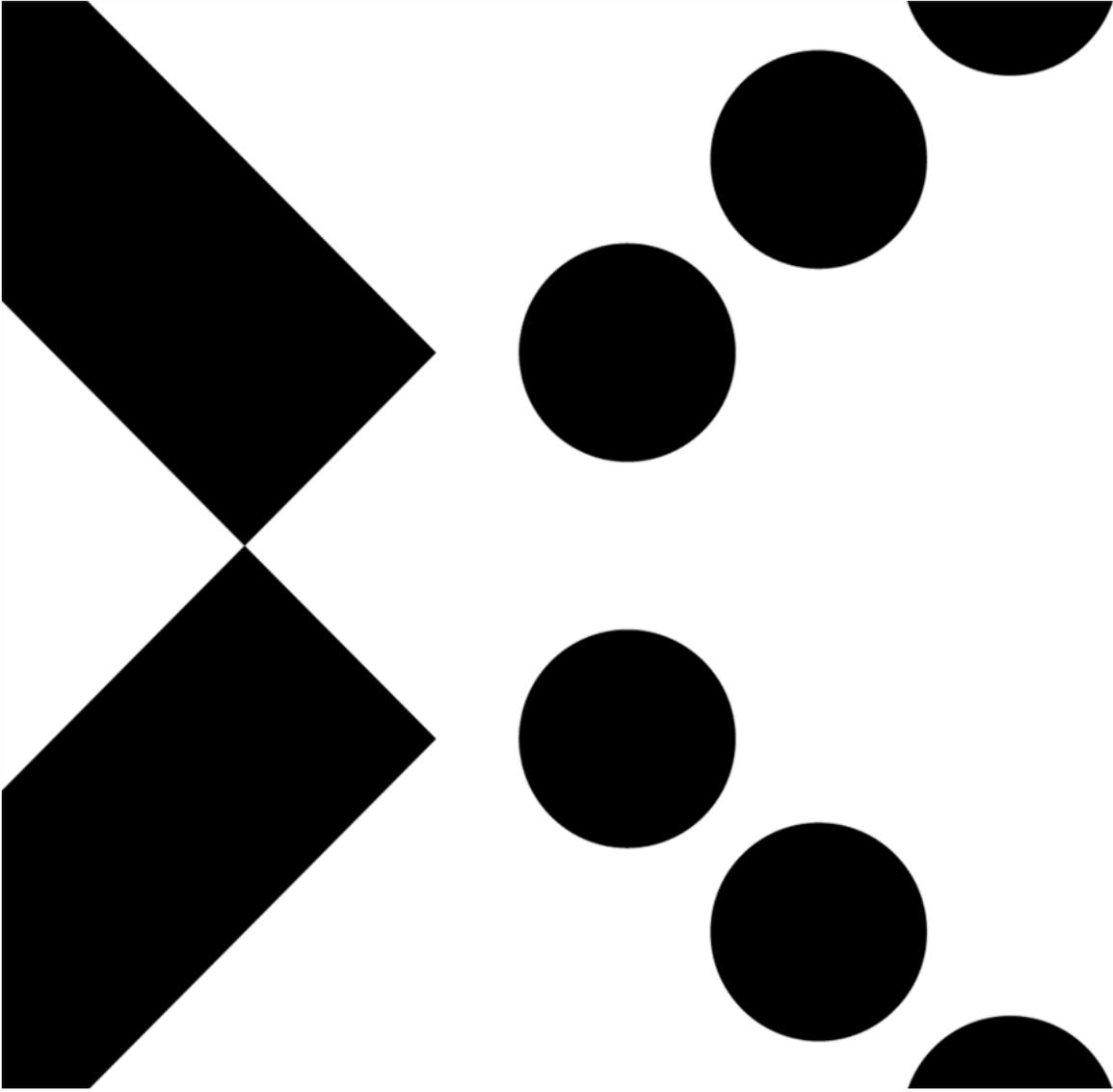
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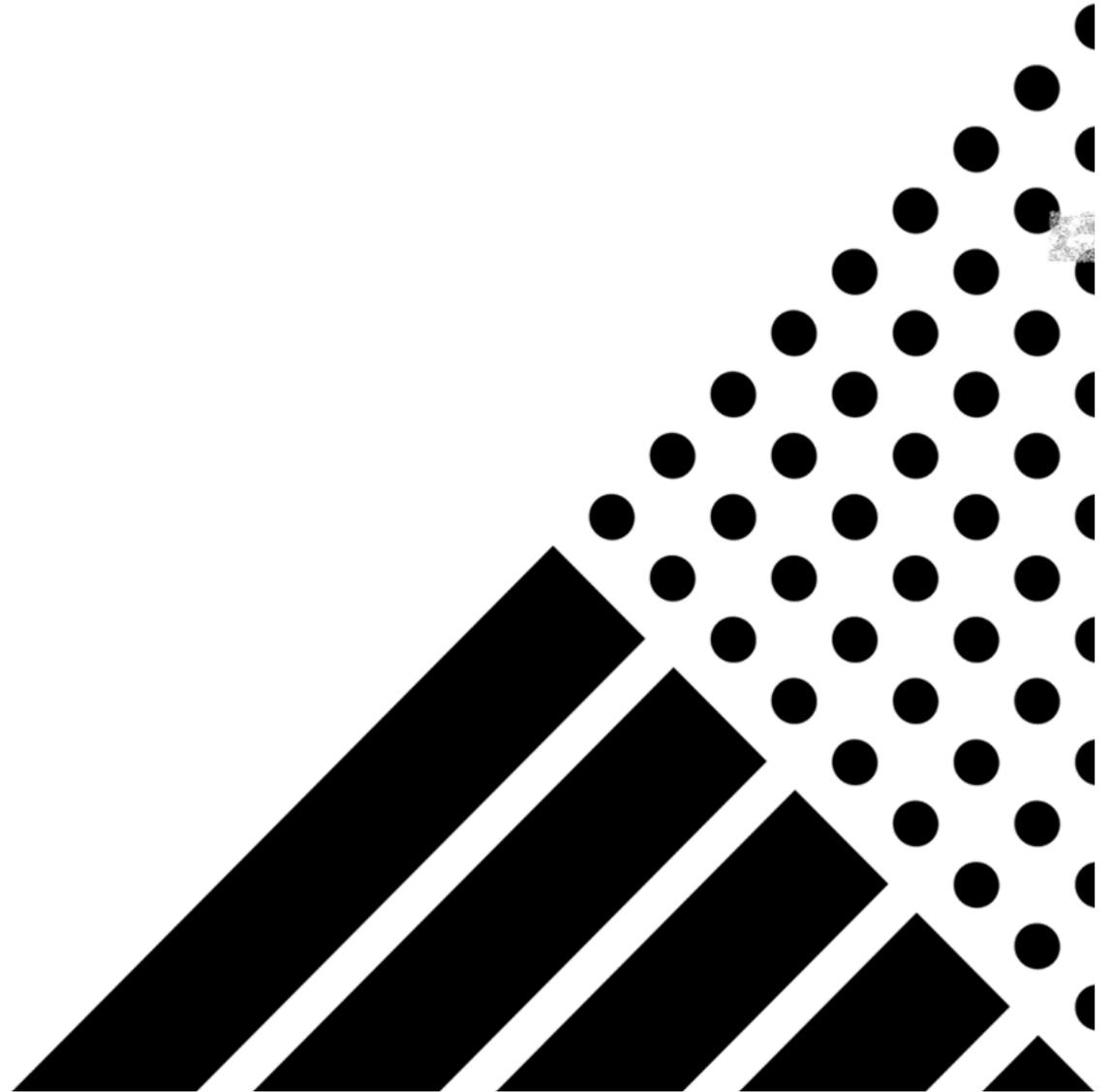


# Contents

- 01 Purpose**
- 02 Scope Review**
- 03 Operational Model Update**
- 04 Funding Analysis**
- 05 Financials Summary**
- 06 Upgrade Existing Assets Analysis**

# 01

## Purpose



# Purpose

Bridge42 have been engaged by the City of South Perth ('City') to update the operational financial model for the proposed Recreation and Aquatic Facility ('RAF').

In 2021, Bridge42 prepared an operational financial model, for both a proposed \$60 Million and \$80 Million RAF.

Due to significant escalation in construction costs over the past two years, the scope of the RAF project is currently being re-reviewed and amended to align to a \$60 Million budget as of 2023 (including projected escalation).

Bridge42 have undertaken updates to the operational financial model to align to the revised scope and to confirm that:

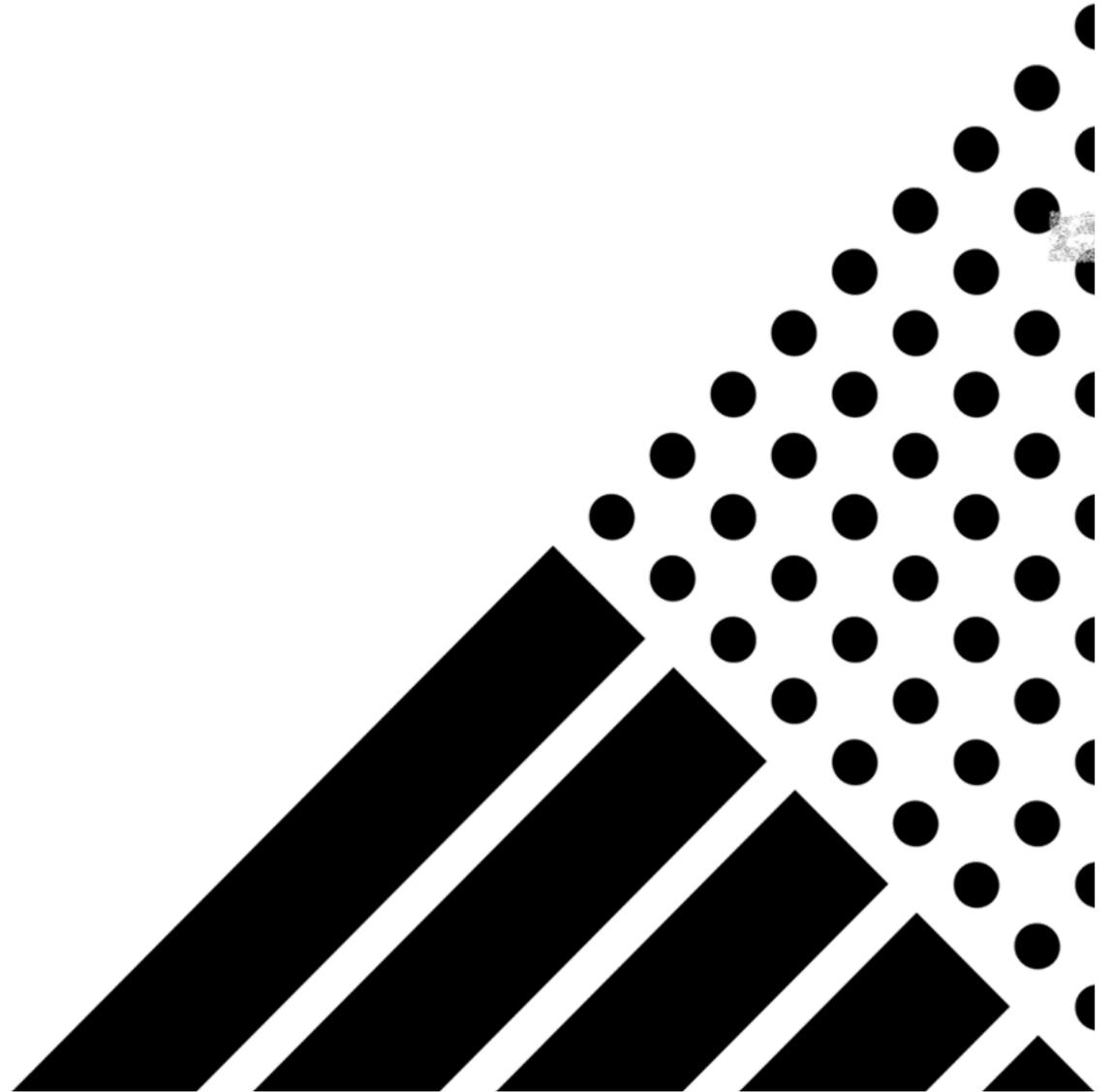
- The facility continues to deliver a financial return to the City;
- Meets the financial hurdles rates sought by external operators; and
- Overall is viable to meet maintenance and capital replacement requirements.



*Renders prepared in 2021 of the proposed RAF*

# 02

## Scope Review



# Scope Review

The below table summarises the key scope amendments to the RAF from 2021 (\$60 Million) to 2023 (\$60 Million), including both the physical amendments to the facility as well as the general update to the financial assumptions. Changes to the scope are reflected in red.

Scope	2021 RAF	2023 RAF	Comments
Aquatics	Outdoor 50m Pool Indoor Pools (25m, LTS, Warm Water) Spa and Sauna Splash Pad	<del>Outdoor 50m Pool</del> Indoor Pools (25m LTS, Warm Water) Spa and Sauna Splash Pad	Removal of 50m pool and all associated amenities to the 50m pool.
Healthclub	1,780m <sup>2</sup>	1,700m <sup>2</sup>	Minor reduction in area
Stadium	Removed	Removed	
Golf	18 hole course Par three short course Driving range Mini golf (already delivered)	27 hole course <del>Par three short course</del> Driving range Mini golf (already delivered)	Keep the full 27 hole course however, removal of the proposed par three short course. Note, the par 3 short course was not costed in the previous 2021 QS estimates
<b>Commercial:</b>			
Climbing Centre	Rental Model	Excluded from Stage 1, \$60M scope	The Climbing Centre could be added into Stage 1 if the capital was fully funded by the Climbing facility Operator, in which case there would be no or limited financial return to the Facility in the short to medium term.
Café / Restaurant / Creche	630m <sup>2</sup>	295m <sup>2</sup>	335sqm deduction (total)
Function Centre	935m <sup>2</sup>	785m <sup>2</sup>	150m <sup>2</sup> reduction
Sports House	1,500m <sup>2</sup> (Nominal rental model)	500m <sup>2</sup> (No rent or licence fee currently applied)	Sportshouse largely removed from the scope, with 500m <sup>2</sup> retained for potential tenants such as Curtin University, Clontarf etc. However, until a tenant is confirmed, assuming no rental return.
Retail Shop	No scope change	No scope change	
<b>Financials and Other Assumptions:</b>			
Total Capital Cost	\$60 Million	\$60 Million	Reflects the amendments to the scope of the facility as defined above and the escalation in the market between 2021 and 2023.
Operator Loan Contribution & Interest Rate on Finance	\$15 Million at 7% p.a.	\$15 Million at 12% p.a.	Reflects increase in market interest rates
WA Treasury Interest Rate	2.0% p.a.	5.55% p.a.	Reflects increase in WATC borrowing rates (as of March '23)
Sinking Fund	Capital Replacement – 1.5% Maintenance – 0.5%	Capital Replacement – 2.0% Maintenance – 0.5%	Higher capital replacement rate adopted to reflect escalation in the market
City Rent (from operator)	\$3.080 Million	\$3.259 Million	City rent from operator (Clublinks) to reflect FY22/23 figure. These figures exclude City maintenance costs of the CBCC. Includes mini-golf. Includes lease from operation of CBCC.

## Scope Review – Funding Assumptions

The below table reflects the proposed funding breakdown, noting it is assumed the State’s contribution is \$0, noting they may providing funding for Stage 2 works which relate to the inclusion of the indoor hardcourts at a later date.

<b>Funding Entity</b>	<b>2023 RAF</b>
Federal Government	\$20,000,000
State Government	\$0
Curtin & Others	\$5,000,000
Operator (fully financed at 12% Interest)	\$15,000,000
City of South Perth	\$20,000,000 <i>(\$10,000,000 via Reserves)</i> <i>(\$10,000,000 via WA Treasury at 5.55% interest)</i>
<b>Total</b>	<b>\$60,000,000</b>

# 03

## Operational Model Update



# Model Comparison – 2021 vs. 2023

	Year 1 – 2021 Model	Year 1 – 2023 Model	Variance	Comments
<b>Revenue:</b>				
Pool / Aquatics	\$3,683,208	\$3,044,877	-17.33%	Reflects reduced visitation / events via the loss of the 50m pool
Gym	\$4,611,207	\$4,252,500	-8.44%	Reflects reduced visitation due to marginal reduction in floor area and loss of 50m pool (attractor factor)
Hardcourts	-	-		
Golf	\$4,680,960	\$5,315,460	11.94%	Increased revenue through retainment of 27 holes, plus the associated cart hire and tuitions.
Commercial	\$2,516,428	\$2,586,753	2.79%	Reflects reduced F&B turnover through minor reduction in general facility attendance however, balanced by the increase of golf retail sales which is associated with keeping 27 holes.
<b>Total Revenue</b>	<b>\$15,491,803</b>	<b>\$15,199,590</b>	<b>-1.89%</b>	
<b>Expenditure</b>				
Operational (utilities, equipment lease, rates etc.)	-\$2,191,695	-\$1,760,195	-24.51%	Assumes adoption of air sourced heat pumps (i.e. remove gas heating cost) and general reduction in utilies through the reduced floor area.
Administration (marketing, printing, comms etc.)	-\$1,314,957	-\$1,500,255	14.09%	General reduction in administration costs through reduced staff however, countered via increased in cost of goods sold (COGS) due to larger retail golf sales
Salary	-\$5,089,125	-\$4,769,325	-6.28%	Reflective of reduced aquatics staff
Operator Loan	-\$1,102,509	-\$2,008,182	82.15%	Reflective of the higher interest rate (increase from 7% to 12%)
Operating Expenditure Contingency	-\$96,983	-\$96,983	0.00%	
Maintenance (Sinking Fund at 0.5%)	-\$52,000	-\$52,000	0.00%	
<b>Total Expenditure</b>	<b>-\$9,847,269</b>	<b>-\$10,190,857</b>	<b>4.04%</b>	
<b>Net Operating Profit [Operator] Before City \$10M Loan Repayment and Asset Costs</b>	<b>\$5,644,534</b>	<b>\$5,008,733</b>	<b>-12.07%</b>	
Existing CPGC Net Return from Operator (excl. COSP maintenance cost of CPGC) [FY22/23]	-\$3,280,000	-\$3,505,435	6.87%	Increased City rental return now based on FY22/23 figures from current operator. These figures exclude City maintenance costs of the CPGC. Includes mini-golf.
Existing GBLC Return	\$200,000	\$246,784	23.39%	Increase in the loss currently incurred by GBLC as an operating asset (which is deducted from the RAF Operators rent payment to the City).
Sinking Fund (Capital Replacement)	-\$780,000	-\$1,040,000	25.00%	Reflective of the increased capital replacement allowance (increase from 1.5% to 2%)
<b>Net Operating Profit [Operator] Before City \$10M Loan Repayment</b>	<b>\$1,784,534</b>	<b>\$710,082</b>	<b>-60.21%</b>	
Additional Pmt to City to cover \$10M Finance Repayment [Loan Equivalent]	-\$649,985	-\$840,268	29.27%	Increase in the City's \$10M finance repayment based on the increase in the interest rate p.a. (from 2.64% in June '22 to 5.55% in March '23)

# Cashflow Summary – 2023 Revised Scope

Based on the amendments to the assumptions within the financial model, the below reflects the 10 year operating cashflow summary for the 2023 revised RAF scope.

Expected Forecast		(excl. GST)										
Forecast Development Returns		Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
1.0	<b>Total Operating Revenue</b>	\$0	\$15,199,590	\$15,534,203	\$15,876,410	\$16,226,389	\$16,584,322	\$16,950,399	\$17,317,633	\$17,693,219	\$18,084,891	\$18,473,137
2.0	<b>Total Operating Expenditure</b>	-\$967,229	-\$10,190,857	-\$10,539,840	-\$10,681,193	-\$10,854,684	-\$11,031,692	-\$11,243,080	-\$11,459,479	-\$11,681,008	-\$11,907,791	-\$12,139,952
3.0	<b>Net Operating Profit [Operator]</b>	<b>-\$967,229</b>	<b>\$5,008,733</b>	<b>\$4,994,363</b>	<b>\$5,195,216</b>	<b>\$5,371,705</b>	<b>\$5,552,631</b>	<b>\$5,707,319</b>	<b>\$5,858,154</b>	<b>\$6,012,211</b>	<b>\$6,177,100</b>	<b>\$6,333,185</b>
4.0	<b>Less City &amp; Asset Pmts:</b>											
	Exis ing CPGC Net Reurn from Operator (excl. COSP maintenance cost of CPGC) [FY22/23]	\$0	-\$3,505,435	-\$3,593,071	-\$3,682,898	-\$3,774,970	-\$3,869,344	-\$3,966,078	-\$4,065,230	-\$4,166,861	-\$4,271,032	-\$4,377,808
	Exis ing GBLC Return		\$246,784	\$252,954	\$259,278	\$265,760	\$272,404	\$279,214	\$286,194	\$293,349	\$300,683	\$308,200
	Sinking Fund (Asset Trust - Capital Replacement)	\$0	-\$1,040,000	-\$1,066,000	-\$1,092,650	-\$1,119,966	-\$1,147,965	-\$1,176,665	-\$1,206,081	-\$1,236,233	-\$1,267,139	-\$1,298,817
5.0	<b>Net Operating Profit [Operator] Before City \$10M Loan Repayment</b>	<b>-\$967,229</b>	<b>\$710,082</b>	<b>\$588,246</b>	<b>\$678,946</b>	<b>\$742,528</b>	<b>\$807,724</b>	<b>\$843,790</b>	<b>\$873,037</b>	<b>\$902,466</b>	<b>\$939,612</b>	<b>\$964,759</b>
			<b>4.67%</b>	<b>3.79%</b>	<b>4.28%</b>	<b>4.58%</b>	<b>4.87%</b>	<b>4.98%</b>	<b>5.04%</b>	<b>5.10%</b>	<b>5.20%</b>	<b>5.22%</b>
6.0	<b>Additional Pmt to City to cover \$10M Finance Repayment [Loan Equivalent]</b>	<b>\$0</b>	<b>-\$840,268</b>									
7.0	<b>Net Operating Profit [Operator] After City \$10M Loan Repayment</b>	<b>-\$967,229</b>	<b>-\$130,186</b>	<b>-\$252,022</b>	<b>-\$161,322</b>	<b>-\$97,740</b>	<b>-\$32,544</b>	<b>\$3,522</b>	<b>\$32,769</b>	<b>\$62,198</b>	<b>\$99,344</b>	<b>\$124,491</b>
			<b>-0.86%</b>	<b>-1.62%</b>	<b>-1.02%</b>	<b>-0.60%</b>	<b>-0.20%</b>	<b>0.02%</b>	<b>0.19%</b>	<b>0.35%</b>	<b>0.55%</b>	<b>0.67%</b>

Notes:

- The below reflects the 'expected' visitation assumptions (i.e. no multipliers applied to the attendance figures).
- The Operator would be seeking a Net Operating Profit (Line Item 5.0) of a minimum of 7% p.a.
- Line item 6.0 (Additional Payment to the City to cover the \$10 Million Loan repayment [Loan Equivalent]), is below the line and considers an additional re-payment to the City to assist with their own loan requirements. This is on top of the existing return currently received by the CPGC operator (\$3.505 Million), minus the operating loss currently incurred from GBLC (\$246,784).
- All figures exclude GST.
- Please refer to Appendix A to review the full cashflow and associated assumptions.

# Sensitivity Analysis – Visitation Assumptions

The below then considers a sensitivity on the above model based on total visitation per year, varying between:

- Low: 659,429 attendees (-10%)
- Medium: 732,699 attendees (Base)
- High: 805,966 attendees (+10%)

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
<b>Low Attendance Scenario (-10%)</b>										
Net Operating Profit [Operator] <b>Before</b> City \$10M Loan Repayment	-\$438,731	-\$588,493	-\$526,410	-\$488,354	-\$449,277	-\$435,984	-\$429,955	-\$424,203	-\$411,198	-\$410,669
	-3.35%	-4.39%	-3.84%	-3.49%	-3.14%	-2.98%	-2.87%	-2.78%	-2.63%	-2.57%
Net Operating Profit [Operator] <b>After</b> City \$10M Loan Repayment	-\$1,525,783	-\$1,681,715	-\$1,625,956	-\$1,594,381	-\$1,561,948	-\$1,555,465	-\$1,556,418	-\$1,557,820	-\$1,552,149	-\$1,559,136
	-11.64%	-12.55%	-11.87%	-11.38%	-10.91%	-10.63%	-10.41%	-10.19%	-9.93%	-9.77%
<b>Medium Attendance Scenario (Base)</b>										
Net Operating Profit [Operator] <b>Before</b> City \$10M Loan Repayment	\$710,082	\$588,246	\$678,946	\$742,528	\$807,724	\$843,790	\$873,037	\$902,466	\$939,612	\$964,759
	4.67%	3.79%	4.28%	4.58%	4.87%	4.98%	5.04%	5.10%	5.20%	5.22%
Net Operating Profit [Operator] <b>After</b> City \$10M Loan Repayment	-\$130,186	-\$252,022	-\$161,322	-\$97,740	-\$32,544	\$3,522	\$32,769	\$62,198	\$99,344	\$124,491
	-0.86%	-1.62%	-1.02%	-0.60%	-0.20%	0.02%	0.19%	0.35%	0.55%	0.67%
<b>High Attendance Scenario (Base)</b>										
Net Operating Profit [Operator] <b>Before</b> City \$10M Loan Repayment	\$1,937,126	\$1,845,072	\$1,966,293	\$2,057,346	\$2,150,656	\$2,211,536	\$2,266,093	\$2,321,338	\$2,384,818	\$2,436,828
	11.17%	10.41%	10.86%	11.12%	11.37%	11.44%	11.48%	11.51%	11.57%	11.57%
Net Operating Profit [Operator] <b>After</b> City \$10M Loan Repayment	\$1,096,858	\$1,004,804	\$1,126,025	\$1,217,078	\$1,310,388	\$1,371,268	\$1,425,825	\$1,481,070	\$1,544,550	\$1,596,560
	6.32%	5.67%	6.22%	6.58%	6.93%	7.09%	7.22%	7.34%	7.49%	7.58%

**Notes:**

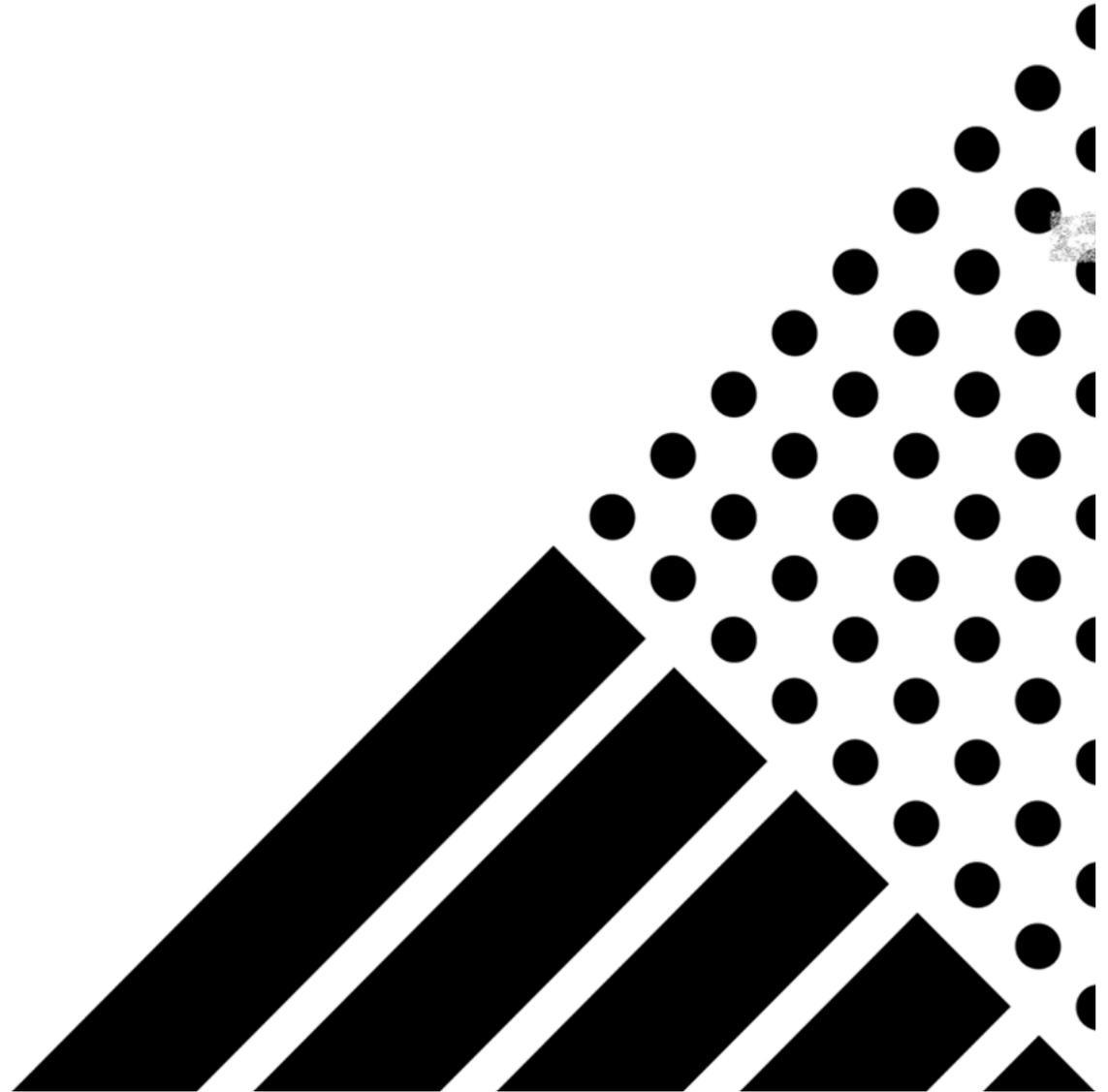
- All scenarios adopt the same assumptions as documented previously, the only change is the estimated attendance figures.
- The 'Net Operating Profit' [Operator] has been modelled for both before and after the City's \$10 Million Loan Repayment Allowance.
- Please refer to Appendix A to review the full cashflows of the low, base and high attendance operating scenarios.

# Key Findings

- Revenue figures remains relatively unchanged due to the low turnover provided via the 50m pool (utilised primarily by casual swimmers and adhoc events) and the increase in revenue via retaining 27 holes.
- While although generally operating costs have reduced (via reduced aquatic staff, adoption of the air sourced heat pumps as opposed to gas and reduced utilities), this is countered by the increased finance interest rate of the operator.
- The operator is now required to repay an additional \$900,000 p.a., assuming borrowing \$15 Million at 12% p.a.
- Operator net profit has then been further impacted due to the increased rent p.a. to the City, which now reflects FY22/23 rental currently paid by the operator at Collier Park (including mini-golf) less operating loss of the George Burnett Leisure Centre ('GBLC').
- Therefore, the net operating profit to the operator (after City Lease and Capital Replacement), ranges between 3.79% and 5.22% across a 10 year period, below the operator target of 7%-8%.
- This is then before any potential consideration for additional repayments to the City to offset their own internal loan repayments based on the \$10 Million borrowed from the WATC. The only scenario where any potential contribution towards the City's own internal finance repayment could be achieved is the 'high attendance scenario'.
- However, noting based on the sensitivity analysis, if the 'high' scenario is achieved (+10% of assumed total attendance), the RAF would get close to or exceed the operator's 7% required hurdle rate (return between 5.67% and 7.58%) thereby providing the opportunity for the City to recoup part of their finance obligations.

# 04

## Funding Analysis



# Sensitivity Analysis – Operator Funding Scenarios

Given the significant impact that the operator finance has on the operating cashflow, the following sensitivity analysis has been undertaken, with the scenarios defined below along the funding breakdown:

- Base Scenario (as per the model in Section 3)
- Scenario A: Operator contribution of \$10 Million @ 12% p.a.
- Scenario B: Operator contribution of \$15 Million @ 5.55% p.a.
- Scenario C: Operator contribution of \$10 Million @ 5.55 % p.a.
- Scenario D: Operator contribution of \$20 Million @ 5.55% p.a.

Funding Entity	Base Scenario (as per Above)	Scenario A	Scenario B	Scenario C	Scenario D
Federal Government	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000
State Government	\$0	\$0	\$0	\$0	\$0
Curtin & Other	\$5,000,000	\$10,000,000	\$5,000,000	\$10,000,000	\$0
Operator	\$15,000,000	\$10,000,000	\$15,000,000	\$10,000,000	\$20,000,000
City of South Perth	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000
<b>Total</b>	<b>\$60,000,000</b>	<b>\$60,000,000</b>	<b>\$60,000,000</b>	<b>\$60,000,000</b>	<b>\$60,000,000</b>
Operator Interest Rate	12% p.a. (Investment Rate)	12% p.a. (Investment Rate)	5.55% p.a. (WA Treasury Rate)	5.55% p.a. (WA Treasury Rate)	5.55% p.a. (WA Treasury Rate)

Notes:

- Scenarios B, C and D assume that the City borrows the operators capital contribution via the WA Treasury and the operator repays the required finance on this loan therefore, adopting the WA Treasury rate of 5.55% p.a.
- Scenarios A and C where the operators capital contribution have been reduced, it is assumed the other sources (to be defined) will contribute the additional funds.

# Summary of Scenarios – Expected Attendance

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
<b>Base Scenario</b>										
Net Operating Profit [Operator] <b>Before</b> City \$10M Loan Repayment	\$710,082	\$588,246	\$678,946	\$742,528	\$807,724	\$843,790	\$873,037	\$902,466	\$939,612	\$964,759
	<b>4.67%</b>	<b>3.79%</b>	<b>4.28%</b>	<b>4.58%</b>	<b>4.87%</b>	<b>4.98%</b>	<b>5.04%</b>	<b>5.10%</b>	<b>5.20%</b>	<b>5.22%</b>
Net Operating Profit [Operator] <b>After</b> City \$10M Loan Repayment	-\$130,186	-\$252,022	-\$161,322	-\$97,740	-\$32,544	\$3,522	\$32,769	\$62,198	\$99,344	\$124,491
	<b>-0.86%</b>	<b>-1.62%</b>	<b>-1.02%</b>	<b>-0.60%</b>	<b>-0.20%</b>	<b>0.02%</b>	<b>0.19%</b>	<b>0.35%</b>	<b>0.55%</b>	<b>0.67%</b>
<b>Scenario A – Operator \$10 Million @ 12% p.a.</b>										
Net Operating Profit [Operator] <b>Before</b> City \$10M Loan Repayment	\$1,386,170	\$1,264,333	\$1,355,034	\$1,418,616	\$1,483,812	\$1,519,878	\$1,549,125	\$1,578,553	\$1,615,700	\$1,640,847
	<b>9.12%</b>	<b>8.14%</b>	<b>8.53%</b>	<b>8.74%</b>	<b>8.95%</b>	<b>8.97%</b>	<b>8.95%</b>	<b>8.92%</b>	<b>8.93%</b>	<b>8.88%</b>
Net Operating Profit [Operator] <b>After</b> City \$10M Loan Repayment	\$545,902	\$424,065	\$514,766	\$578,347	\$643,544	\$679,610	\$708,857	\$738,285	\$775,432	\$800,579
	<b>3.59%</b>	<b>2.73%</b>	<b>3.24%</b>	<b>3.56%</b>	<b>3.88%</b>	<b>4.01%</b>	<b>4.09%</b>	<b>4.17%</b>	<b>4.29%</b>	<b>4.33%</b>
<b>Scenario B – Operator \$15 Million @ WATC Interest Rate of 5.55% p.a.</b>										
Net Operating Profit [Operator] <b>Before</b> City \$10M Loan Repayment	\$1,619,630	\$1,497,793	\$1,588,494	\$1,652,076	\$1,717,272	\$1,753,338	\$1,782,585	\$1,812,014	\$1,849,160	\$1,874,307
	<b>10.66%</b>	<b>9.64%</b>	<b>10.01%</b>	<b>10.18%</b>	<b>10.35%</b>	<b>10.34%</b>	<b>10.29%</b>	<b>10.24%</b>	<b>10.22%</b>	<b>10.15%</b>
Net Operating Profit [Operator] <b>After</b> City \$10M Loan Repayment	\$779,362	\$657,525	\$748,226	\$811,808	\$877,004	\$913,070	\$942,317	\$971,746	\$1,008,892	\$1,034,039
	<b>5.13%</b>	<b>4.23%</b>	<b>4.71%</b>	<b>5.00%</b>	<b>5.29%</b>	<b>5.39%</b>	<b>5.44%</b>	<b>5.49%</b>	<b>5.58%</b>	<b>5.60%</b>
<b>Scenario C – Operator \$10 Million @ WATC Interest Rate of 5.55% p.a.</b>										
Net Operating Profit [Operator] <b>Before</b> City \$10M Loan Repayment	\$1,992,535	\$1,870,699	\$1,961,399	\$2,024,981	\$2,090,178	\$2,126,243	\$2,155,490	\$2,184,919	\$2,222,065	\$2,247,213
	<b>13.11%</b>	<b>12.04%</b>	<b>12.35%</b>	<b>12.48%</b>	<b>12.60%</b>	<b>12.54%</b>	<b>12.45%</b>	<b>12.35%</b>	<b>12.29%</b>	<b>12.16%</b>
Net Operating Profit [Operator] <b>After</b> City \$10M Loan Repayment	\$1,152,267	\$1,030,431	\$1,121,131	\$1,184,713	\$1,249,910	\$1,285,975	\$1,315,222	\$1,344,651	\$1,381,797	\$1,406,945
	<b>7.58%</b>	<b>6.63%</b>	<b>7.06%</b>	<b>7.30%</b>	<b>7.54%</b>	<b>7.59%</b>	<b>7.59%</b>	<b>7.60%</b>	<b>7.64%</b>	<b>7.62%</b>
<b>Scenario D – Operator \$20 Million @ WATC Rate of 5.55% p.a.</b>										
Net Operating Profit [Operator] <b>Before</b> City \$10M Loan Repayment	\$1,246,725	\$1,124,888	\$1,215,589	\$1,279,170	\$1,344,367	\$1,380,433	\$1,409,680	\$1,439,108	\$1,476,255	\$1,501,402
	<b>8.20%</b>	<b>7.24%</b>	<b>7.66%</b>	<b>7.88%</b>	<b>8.11%</b>	<b>8.14%</b>	<b>8.14%</b>	<b>8.13%</b>	<b>8.16%</b>	<b>8.13%</b>
Net Operating Profit [Operator] <b>After</b> City \$10M Loan Repayment	\$406,457	\$284,620	\$375,321	\$438,902	\$504,099	\$540,165	\$569,412	\$598,840	\$635,987	\$661,134
	<b>2.67%</b>	<b>1.83%</b>	<b>2.36%</b>	<b>2.70%</b>	<b>3.04%</b>	<b>3.19%</b>	<b>3.29%</b>	<b>3.38%</b>	<b>3.52%</b>	<b>3.58%</b>

- Notes:
- All scenarios above adopt the 'expected' attendance scenario (i.e. no attendance multipliers applied).
  - The 'Net Operating Profit' [Operator] has been modelled for both before and after the City's \$10 Million Finance Repayment Allowance.

# Summary of Scenarios – Low Attendance Multiplier (-10%)

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
<b>Base Scenario</b>										
Net Operating Profit [Operator] <b>Before</b> City \$10M Loan Repayment	-\$438,731	-\$588,493	-\$526,410	-\$488,354	-\$449,277	-\$435,984	-\$429,955	-\$424,203	-\$411,198	-\$410,669
	-3.35%	-4.39%	-3.84%	-3.49%	-3.14%	-2.98%	-2.87%	-2.78%	-2.63%	-2.57%
Net Operating Profit [Operator] <b>After</b> City \$10M Loan Repayment	-\$1,525,783	-\$1,681,715	-\$1,625,956	-\$1,594,381	-\$1,561,948	-\$1,555,465	-\$1,556,418	-\$1,557,820	-\$1,552,149	-\$1,559,136
	-11.64%	-12.55%	-11.87%	-11.38%	-10.91%	-10.63%	-10.41%	-10.19%	-9.93%	-9.77%
<b>Scenario A – Operator \$10 Million @ 12% p.a.</b>										
Net Operating Profit [Operator] <b>Before</b> City \$10M Loan Repayment	\$237,357	\$87,595	\$149,678	\$187,734	\$226,811	\$240,104	\$246,132	\$251,885	\$264,889	\$265,419
	1.81%	0.65%	1.09%	1.34%	1.58%	1.64%	1.65%	1.65%	1.70%	1.66%
Net Operating Profit [Operator] <b>After</b> City \$10M Loan Repayment	-\$602,911	-\$752,673	-\$690,590	-\$652,534	-\$613,457	-\$600,164	-\$594,136	-\$588,383	-\$575,379	-\$574,849
	-4.60%	-5.62%	-5.04%	-4.66%	-4.28%	-4.10%	-3.97%	-3.85%	-3.68%	-3.60%
<b>Scenario B – Operator \$15 Million @ WATC Interest Rate of 5.55% p.a.</b>										
Net Operating Profit [Operator] <b>Before</b> City \$10M Loan Repayment	\$470,817	\$321,055	\$383,138	\$421,194	\$460,271	\$473,564	\$479,592	\$485,345	\$498,350	\$498,879
	3.59%	2.40%	2.80%	3.01%	3.21%	3.24%	3.21%	3.18%	3.19%	3.13%
Net Operating Profit [Operator] <b>After</b> City \$10M Loan Repayment	-\$369,451	-\$519,213	-\$457,130	-\$419,074	-\$379,997	-\$366,704	-\$360,676	-\$354,923	-\$341,918	-\$341,389
	-2.82%	-3.87%	-3.34%	-2.99%	-2.65%	-2.51%	-2.41%	-2.32%	-2.19%	-2.14%
<b>Scenario C – Operator \$10 Million @ WATC Interest Rate of 5.55% p.a.</b>										
Net Operating Profit [Operator] <b>Before</b> City \$10M Loan Repayment	\$843,722	\$693,960	\$756,043	\$794,100	\$833,177	\$846,469	\$852,498	\$858,250	\$871,255	\$871,785
	6.44%	5.18%	5.52%	5.67%	5.82%	5.78%	5.70%	5.62%	5.58%	5.46%
Net Operating Profit [Operator] <b>After</b> City \$10M Loan Repayment	\$3,454	-\$146,308	-\$84,225	-\$46,168	-\$7,091	\$6,201	\$12,230	\$17,982	\$30,987	\$31,517
	0.03%	-1.09%	-0.61%	-0.33%	-0.05%	0.04%	0.08%	0.12%	0.20%	0.20%
<b>Scenario D – Operator \$20 Million @ WATC Rate of 5.55% p.a.</b>										
Net Operating Profit [Operator] <b>Before</b> City \$10M Loan Repayment	\$97,912	-\$51,850	\$10,233	\$48,289	\$87,366	\$100,659	\$106,687	\$112,440	\$125,444	\$125,974
	0.75%	-0.39%	0.07%	0.34%	0.61%	0.69%	0.71%	0.74%	0.80%	0.79%
Net Operating Profit [Operator] <b>After</b> City \$10M Loan Repayment	-\$742,356	-\$892,118	-\$830,035	-\$791,979	-\$752,902	-\$739,609	-\$733,581	-\$727,828	-\$714,824	-\$714,294
	-5.66%	-6.66%	-6.06%	-5.65%	-5.26%	-5.05%	-4.90%	-4.76%	-4.58%	-4.48%

Notes:

- All scenarios above adopt the 'low' attendance scenario (i.e. a -10% multiplier is applied to the attendance figures).
- The 'Net Operating Profit' [Operator] has been modelled for both before and after the City's \$10 Million Finance Repayment Allowance.
- Where the operator funding has been reduced to \$10 Million, it is assumed the other sources (to be defined) will contribute the additional funds (Scenario A and C).

# Summary of Scenarios – High Attendance Multiplier (+10%)

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
<b>Base Scenario</b>										
Net Operating Profit [Operator] <b>Before</b> City \$10M Loan Repayment	\$1,937,126	\$1,845,072	\$1,966,293	\$2,057,346	\$2,150,656	\$2,211,536	\$2,266,093	\$2,321,338	\$2,384,818	\$2,436,828
	<b>11.17%</b>	<b>10.41%</b>	<b>10.86%</b>	<b>11.12%</b>	<b>11.37%</b>	<b>11.44%</b>	<b>11.48%</b>	<b>11.51%</b>	<b>11.57%</b>	<b>11.57%</b>
Net Operating Profit [Operator] <b>After</b> City \$10M Loan Repayment	\$1,096,858	\$1,004,804	\$1,126,025	\$1,217,078	\$1,310,388	\$1,371,268	\$1,425,825	\$1,481,070	\$1,544,550	\$1,596,560
	<b>6.32%</b>	<b>5.67%</b>	<b>6.22%</b>	<b>6.58%</b>	<b>6.93%</b>	<b>7.09%</b>	<b>7.22%</b>	<b>7.34%</b>	<b>7.49%</b>	<b>7.58%</b>
<b>Scenario A – Operator \$10 Million @ 12% p.a.</b>										
Net Operating Profit [Operator] <b>Before</b> City \$10M Loan Repayment	\$2,613,214	\$2,521,160	\$2,642,380	\$2,733,434	\$2,826,744	\$2,887,624	\$2,942,181	\$2,997,426	\$3,060,905	\$3,112,915
	<b>15.07%</b>	<b>14.22%</b>	<b>14.59%</b>	<b>14.77%</b>	<b>14.94%</b>	<b>14.94%</b>	<b>14.90%</b>	<b>14.86%</b>	<b>14.85%</b>	<b>14.78%</b>
Net Operating Profit [Operator] <b>After</b> City \$10M Loan Repayment	\$1,772,946	\$1,680,892	\$1,802,112	\$1,893,166	\$1,986,476	\$2,047,356	\$2,101,913	\$2,157,158	\$2,220,637	\$2,272,647
	<b>10.22%</b>	<b>9.48%</b>	<b>9.95%</b>	<b>10.23%</b>	<b>10.50%</b>	<b>10.59%</b>	<b>10.64%</b>	<b>10.69%</b>	<b>10.77%</b>	<b>10.79%</b>
<b>Scenario B – Operator \$15 Million @ WATC Interest Rate of 5.55% p.a.</b>										
Net Operating Profit [Operator] <b>Before</b> City \$10M Loan Repayment	\$2,846,674	\$2,754,620	\$2,875,841	\$2,966,894	\$3,060,204	\$3,121,084	\$3,175,641	\$3,230,886	\$3,294,365	\$3,346,376
	<b>16.41%</b>	<b>15.54%</b>	<b>15.88%</b>	<b>16.03%</b>	<b>16.18%</b>	<b>16.15%</b>	<b>16.08%</b>	<b>16.02%</b>	<b>15.98%</b>	<b>15.89%</b>
Net Operating Profit [Operator] <b>After</b> City \$10M Loan Repayment	\$2,006,406	\$1,914,352	\$2,035,573	\$2,126,626	\$2,219,936	\$2,280,816	\$2,335,373	\$2,390,618	\$2,454,097	\$2,506,108
	<b>11.57%</b>	<b>10.80%</b>	<b>11.24%</b>	<b>11.49%</b>	<b>11.74%</b>	<b>11.80%</b>	<b>11.83%</b>	<b>11.85%</b>	<b>11.90%</b>	<b>11.90%</b>
<b>Scenario C – Operator \$10 Million @ WATC Interest Rate of 5.55% p.a.</b>										
Net Operating Profit [Operator] <b>Before</b> City \$10M Loan Repayment	\$3,219,579	\$3,127,525	\$3,248,746	\$3,339,799	\$3,433,109	\$3,493,989	\$3,548,546	\$3,603,791	\$3,667,271	\$3,719,281
	<b>18.56%</b>	<b>17.64%</b>	<b>17.94%</b>	<b>18.04%</b>	<b>18.15%</b>	<b>18.08%</b>	<b>17.97%</b>	<b>17.86%</b>	<b>17.79%</b>	<b>17.66%</b>
Net Operating Profit [Operator] <b>After</b> City \$10M Loan Repayment	\$2,379,311	\$2,287,257	\$2,408,478	\$2,499,531	\$2,592,841	\$2,653,721	\$2,708,278	\$2,763,523	\$2,827,003	\$2,879,013
	<b>13.72%</b>	<b>12.90%</b>	<b>13.30%</b>	<b>13.50%</b>	<b>13.71%</b>	<b>13.73%</b>	<b>13.72%</b>	<b>13.70%</b>	<b>13.71%</b>	<b>13.67%</b>
<b>Scenario D – Operator \$20 Million @ WATC Rate of 5.55% p.a.</b>										
Net Operating Profit [Operator] <b>Before</b> City \$10M Loan Repayment	\$2,473,769	\$2,381,715	\$2,502,935	\$2,593,989	\$2,687,299	\$2,748,179	\$2,802,736	\$2,857,980	\$2,921,460	\$2,973,470
	<b>14.26%</b>	<b>13.44%</b>	<b>13.82%</b>	<b>14.01%</b>	<b>14.21%</b>	<b>14.22%</b>	<b>14.19%</b>	<b>14.17%</b>	<b>14.17%</b>	<b>14.12%</b>
Net Operating Profit [Operator] <b>After</b> City \$10M Loan Repayment	\$1,633,501	\$1,541,447	\$1,662,667	\$1,753,721	\$1,847,031	\$1,907,911	\$1,962,468	\$2,017,712	\$2,081,192	\$2,133,202
	<b>9.42%</b>	<b>8.70%</b>	<b>9.18%</b>	<b>9.47%</b>	<b>9.76%</b>	<b>9.87%</b>	<b>9.94%</b>	<b>10.00%</b>	<b>10.10%</b>	<b>10.13%</b>

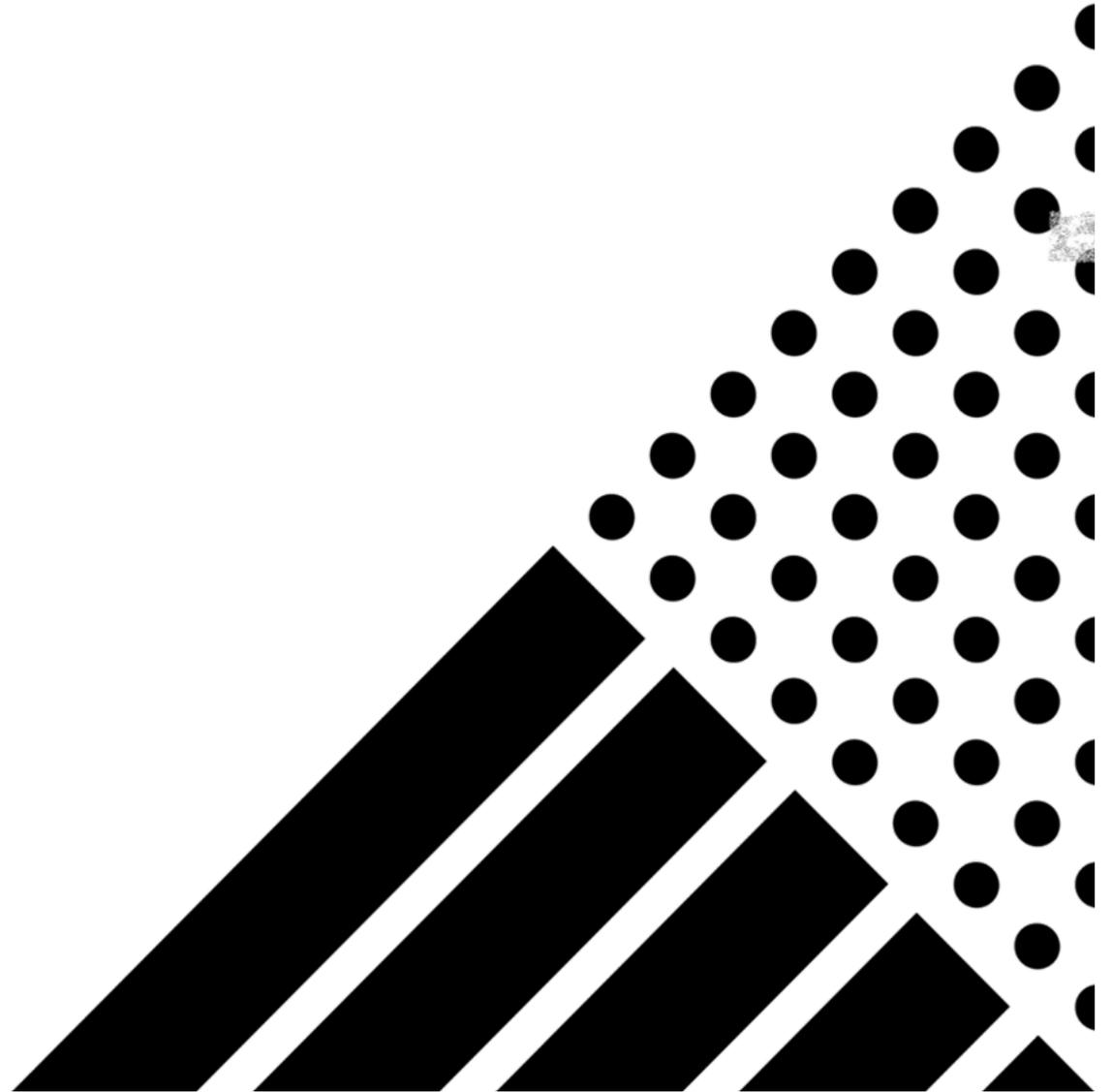
Notes:  
 • All scenarios above adopt the 'high' attendance scenario (i.e. a +10% multiplier is applied to the attendance figures).  
 • The 'Net Operating Profit' [Operator] has been modelled for both before and after the City's \$10 Million Finance Repayment Allowance.  
 • Where the operator funding has been reduced to \$10 Million, it is assumed the other revenue (to be defined) will contribute the additional funds (Scenario A and C).

# Key Findings

- The base model of the cashflow is significantly impacted compared to the 2021 analysis due to the increase in the operator finance rate (increased from 7% to 12%).
- However, the opportunity to reduce the operators capital contribution (Scenario A – decreased from \$15 Million to \$10 Million), will ensure that the operators hurdle rate is achieved, even at the commercial borrowing rate of 12%.
- While it is recommended any further opportunity to borrow the operators capital contribution via the WA Treasury as opposed to a commercial loan (reflected in both Scenarios B, C and D whereby capital is borrowed at 5.55% compared to 12%) will have a significantly positive impact on operational performance.
- It is noted that under Scenarios B, C and D, the City will carry a larger financial risk as they would be borrowing the additional funds on behalf of the operator however, ultimately the financial risk of the facility as a whole will be the responsibility of the City, regardless of how much funding is contributed by external parties.
- Lastly Scenario D then examines the circumstances in which the \$5 Million of funding from Curtin University (or other parties) is not acquired, and the Operator is required to fund the residual. In this situation, the operator still achieves their required hurdle rate, assuming they are borrowing the funds via the WA Treasury.
- When analysing the 'low' attendance multiplier, Scenarios A to D improve on the base model figures, with Scenario C meeting the operators hurdle rates in certain operating years.
- While considering the 'high' attendance multiplier, all Scenarios significantly improve on the performance, exceeding the operators hurdle rates as well providing additional profit to the City to either finance their own repayments or provide additional revenue for their reserves.
- If the City sought to recoup their repayments from their loan with WATC, none of the low scenarios would be able to achieve this and only some of the expected scenarios. However, if any of the high attendance scenarios can be achieved, the RAF will generate enough profit for the City to service their loan repayments.

# 05

## Summary



# Summary

- Based on the amendments to the financial operating model, which has primarily seen the removal of the 50m pool, minor reduction in other amenities and retainment of all 27 holes at the golf course, the following changes are noted:
  - Minor reduction in revenue through loss of 50m aquatic users however, balanced by the increased golf usage by retaining all 27 holes (plus associated cart hire and tuitions).
  - Increase in expenditure, primarily due to the increase in the operators loan repayments (increased interest rate from 7% to 12%).
  - Decrease in the overall operating performance, providing an operator return between 3.79% and 5.22% across a 10 year period, with the operator's hurdle rate being between 7%-8%.
- However, it is noted under the 'high' attendance scenario (increase overall attendance by 10%), the operators return ranges between 10.41% and 11.57%, exceeding the hurdle rate. It is only under this scenario whereby the RAF could generate enough profit to also service the City's loan repayments from their \$10 Million loan with WATC.

The opportunity to improve the operating performance of the facility can be undertaken either via:

- Reducing the operators capital contribution (Scenario A); or
- Allowing the operator to borrow funds via the WA Treasury (through the City), adopting the lower interest rate (Scenarios B, C and D).
- If either scenario is applied, it would ensure the operator can achieve their hurdle rate and potentially provide additional funding for the City to meet their own internal repayments based on their capital contribution.
- Scenarios A to D also assist with risk mitigating in the circumstance that attendance figures are lower than expected, as depicted in the 'low' multiplier analysis.
- While when the 'high' attendance multiplier is applied, Scenarios A to D all provide a significant profit to the City.
- Overall, although the base model does not meet the operators internal hurdle rate, there is considered to be enough opportunity and options to manage this via looking to marginally improve the assumed attendance rate and / or further investigating alternate finance models (Scenarios A to D). Any opportunity to adopt Scenarios A to D and reduce the operators finance repayment will deliver a significant improvement on the facility's overall viability.

# 06

## Upgrade Existing Assets Analysis



# Upgrade Existing Asset Option Analysis

In 2021, a Treasury Business Case was drafted which considered the option of upgrading the City’s existing Sporting Assets as opposed to developing the RAF. The assets to be upgraded and the general scope included as per below, with an estimated cost of \$24.230 Million (2021 estimate):

Asset	Upgrade Scope
 <p data-bbox="293 738 658 764">George Burnett Leisure Centre</p>	<ul style="list-style-type: none"> <li>• Expansion to include:                             <ul style="list-style-type: none"> <li>• Healthclub</li> <li>• Group fitness</li> <li>• Creche</li> </ul> </li> <li>• Upgrade one hardcourt to full size</li> <li>• General building upgrades</li> </ul>
 <p data-bbox="331 1013 618 1038">Collier Park Golf Course</p>	<ul style="list-style-type: none"> <li>• General building upgrades</li> <li>• Inclusion of a two storey driving range</li> <li>• Improved commercial elements (retail, café / restaurant)</li> </ul>

This option was considered on the basis only if the RAF did not proceed.

The 'Upgrade Existing Asset Option' has since been updated with a revised estimate to account for escalation between 2021 to 2023 and to be compared to that of the revised RAF financial operation model (as per Section 3 of this report).

# Assumptions Comparison

The below reflects the key changes in assumptions comparing the 2021 to the 2023 'Existing Asset Upgrade' scenario, with the key changes highlighted in red.

Item	'Upgrade Existing' 2021	'Upgrade Existing' 2023	Comments
Construction Costs			
GBLC Upgrades	\$6,670,000	<b>\$9,245,000</b>	Adjusted for escalation (as per RLB estimate)
CPGC Upgrades	\$17,560,000	<b>\$32,185,000</b>	Adjusted for escalation (as per RLB estimate)
Funding [Total]:			
City Contribution	\$19,230,000	<b>\$36,430,000</b>	Assumes the City will need to pay the residual funding if the operator continues to only contribute \$5 Million for CPGC, which is considered likely.
Operator Contribution	\$5,000,000	\$5,000,000	
Net Revenue (once upgrades are completed)			
GBLC	-\$87,500	-\$87,500	No update
CPGC	\$3,689,000	<b>\$3,505,435</b>	City rent from operator (Clublinks) to reflect FY22/23 figure. These figures exclude City maintenance costs of the CPGC. Includes mini-golf. Excludes loss from operation of GBLC.
Capital Sinking Fund Allowance	1.5%	<b>2.0%</b>	Aligned to the revised RAF operating model
Maintenance Sinking Fund Allowance	0.5%	0.5%	
City Rent Escalation (p.a)	1.5%	<b>2.5%</b>	Aligned to the revised RAF operating model

# Cashflow Summary – ‘Upgrade Existing Assets’ Scenario

The below cashflow summarises the revised ‘Existing Assets Upgrade’ Scenario, based on the amended assumptions.

Period	Notes	Construction				Operations										Total	
		1	2	1	2	3	4	5	6	7	8	9	10				
GBLC - Upgrades	Per concept and budget	-\$4,622,500	-\$4,622,500														-\$9,245,000
GBLC - Sinking Fund/Maint. [p.a.]	Incl. cap replacement only at PC.	-\$40,000	-\$41,000	-\$184,900	-\$189,523	-\$194,261	-\$199,117	-\$204,095	-\$209,197	-\$214,427	-\$219,788	-\$225,283	-\$230,915				-\$2,152,505
GBLC - Annual Op. Financials	Incl. maintenance allowance at PC	-\$125,000	-\$128,125	-\$87,500	-\$89,688	-\$91,930	-\$94,228	-\$96,584	-\$98,998	-\$101,473	-\$104,010	-\$106,610	-\$109,276				-\$1,233,421
CPGC - Upgrades (less Operator investment)	Per concept and budget	-\$13,592,500	-\$13,592,500														-\$27,185,000
CPGC - Sinking Fund/Maint. [p.a.]	Incl. cap and maint	-\$37,500	-\$38,438	-\$804,625	-\$824,741	-\$845,359	-\$866,493	-\$888,155	-\$910,359	-\$933,118	-\$956,446	-\$980,357	-\$1,004,866				-\$9,090,459
CPGC - City RevShare [incl. Mini-golf]		\$1,887,000	\$1,934,175	\$3,682,898	\$3,774,970	\$3,869,344	\$3,966,078	\$4,065,230	\$4,166,861	\$4,271,032	\$4,377,808	\$4,487,253	\$4,599,434				\$45,082,083
<b>Net Total City Return</b>	<b>NPV:</b>	<b>-\$10,453,188</b>	<b>-\$16,530,500</b>	<b>-\$16,488,388</b>	<b>\$2,605,873</b>	<b>\$2,671,019</b>	<b>\$2,737,795</b>	<b>\$2,806,240</b>	<b>\$2,876,396</b>	<b>\$2,948,306</b>	<b>\$3,022,013</b>	<b>\$3,097,564</b>	<b>\$3,175,003</b>	<b>\$3,254,378</b>			<b>-\$3,824,301</b>

Notes:

- The above model is from the perspective of the City (i.e. the revenue derived and costs incurred (including construction) by the City from the two assets).
- A reduced operating revenue is adopted for CPGC and GBLC during the construction period, then adopting the full operating assumption (including escalation each year) as per page 24.
- GBLC and the sinking fund costs of the two assets are offset by the revenue derived from the lease payment of CPGC.

# Cashflow Summary – ‘Revised RAF Model 2023’

The below cashflow then summarises the revised RAF Model 2023 in the same format.

Period	Notes	Construction			Operations										Total			
		1	2	3	1	2	3	4	5	6	7	8	9	10				
GBLC - Sinking Fund/Maint.	Discontinued on completion of RAF	-\$40,000	-\$41,000	-\$42,025														-\$123,025
GBLC - Op. Financials	Discontinued on completion of RAF	-\$200,865	-\$205,887	-\$211,034														-\$617,785
CPGC - Sinking Fund/Maint. [p.a.]	Replaced by RAF operations	-\$37,500	-\$38,438	-\$39,398														-\$115,336
CPGC - City RevShare [incl. Mini-golf]	Replaced by RAF operations	\$1,887,000	\$1,934,175	\$1,982,529														\$5,803,704
RAF - City Capital Funding (Construction)	City funding only	-\$4,000,000	-\$8,000,000	-\$8,000,000														-\$20,000,000
RAF - City Lease Returns (Annual Payments)					\$3,258,651	\$3,340,117	\$3,423,620	\$3,509,211	\$3,596,941	\$3,686,865	\$3,779,036	\$3,873,512	\$3,970,350	\$4,069,609				\$36,507,911
RAF - Sinking Fund/Maint.	Covered																	\$0
<b>Net Total City Return</b>	<b>NPV:</b>	<b>\$10,622,675</b>	<b>-\$2,391,365</b>	<b>-\$6,351,149</b>	<b>-\$6,309,928</b>	<b>\$3,258,651</b>	<b>\$3,340,117</b>	<b>\$3,423,620</b>	<b>\$3,509,211</b>	<b>\$3,596,941</b>	<b>\$3,686,865</b>	<b>\$3,779,036</b>	<b>\$3,873,512</b>	<b>\$3,970,350</b>	<b>\$4,069,609</b>			<b>\$21,455,469</b>

Notes:

- The above model is from the perspective of the City (i.e. the revenue derived and costs incurred (including construction) by the City).
- The above assumes the discontinuation of GBLC upon completion of the RAF as well as any contribution in sinking fund costs to CPGC as this now the responsibility of the operation of the RAF.
- The City’s funding contribution is \$20 Million for the RAF however, this is offset by the subsidised rental return received from CPGC while construction is underway (assumes some operations at CPGC continue while the RAF is being constructed).

# Cashflow Summary

The below then compares the Net Total City Return of both the 'Existing Asset Upgrade' scenario and the 'Revised RAF 2023' model.

		Construction			Operations												
Period		1	2	1	2	3	4	5	6	7	8	9	10			Total	
Existing Asset Upgrade																	
Net Total City Return	NPV:	-\$10,453,188	-\$16,530,500	-\$16,488,388	\$2,605,873	\$2,671,019	\$2,737,795	\$2,806,240	\$2,876,396	\$2,948,306	\$3,022,013	\$3,097,564	\$3,175,003	\$3,254,378			-\$3,824,301
Revised RAF Model 2023 – Base Scenario																	
		Construction			Operations												
Period		1	2	3	1	2	3	4	5	6	7	8	9	10			Total
Net Total City Return	NPV:	\$32,881,942	-\$2,391,365	-\$6,367,235	-\$6,342,744	\$3,258,651	\$3,340,117	\$3,423,620	\$3,509,211	\$3,596,941	\$3,686,865	\$3,779,036	\$3,873,512	\$3,970,350	\$4,069,609		\$21,455,469

- Notes:
- The above model is from the perspective of the City (i.e. the revenue derived and costs incurred (including construction) by the City).
  - The above reflects only the net total City return.
  - Construction costs in both options are offset by the subsidised rental return received from CPGC while construction is underway (assumes some operations at CPGC continue while the asset upgrades or RAF is being constructed).

# Summary

In summary, the key findings are:

- The 'Upgrade Existing Asset' scenario relies on the City funding \$36 Million for the works, assuming the golf operators position remains at a \$5 Million contribution.
- This option also assumes the City maintains responsibility for maintenance and capital lifecycle costs of GBLC.
- While from an operating perspective, the City will continue to derive a net profit (rental income from the golf operator offsets the costs of GBLC) however, when including capital costs, it results in an overall negative financial return across a 10 year period and negative NPV.
- While in comparison to the updated RAF model, the City will receive their fixed rent from the operator and GBLC will be discontinued.
- There is also an increased likelihood of other external funding parties for the RAF, ensuring the City's contribution remains at \$20 Million.

Overall, upgrading the existing assets opposed to developing the RAF imposes a higher capital cost obligation on the City, results in reduced revenue, delivers a reduced benefit to the community and ensures continued responsibility for operations and maintenance of GBLC.

Option	Total Net Profit (10 Year Period inc. Construction Cost)	Net Present Value 'NPV'
Existing Asset Renewal	<b>-\$3,824,301</b>	<b>-\$10,453,188</b>
Revised RAF Model 2023 – Base Scenario	<b>\$21,455,469</b>	<b>\$21,455,469</b>



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