

**Attachment D**

## Additional Comments Related to the Report

The Recreation and Aquatic Facility (RAF) has been under development for a number of years. Attachment D details the timeline and background that led to the current proposal, to provide appropriate context for the Council decision.

Most recently the City procured a feasibility report from consultants (NS Group) that sought to establish the high-level feasibility of a RAF that allowed the City to shortlist the potential sites to three. This provided indicative financials for the shortlisted sites, based on similar recreation and aquatic facilities currently in operation. The financials were at a sufficient level to allow benchmarking of the facilities such that a preferred site could be identified. This information was presented to Council at a Concept Briefing held on 3 September 2019.

### **The Do Nothing Scenario**

The feasibility investigation has taken due consideration of the “Do Nothing” scenario, to ensure that the any decision taken is cognisant of the impacts of a decision not to proceed.

Should the RAF not be approved the existing CPGC and GBLC assets would require renewal / upgrade funding. The estimated future funding requirements for each scenario is summarised below.

### **Asset Capital Demand for Available Scenarios**

	Do Nothing	Option 4 (CPGC - N)	Option 5 (GBLC)	Option 6 (CPGC – SE)
<b>RAF Project</b>				
<b>Forecast External Funding</b>		\$60m	\$33m	\$48m
<b>Capital Cost Range</b>		\$65m to \$75m	\$55m to \$65m	\$52m to \$62m
<b>City Funding Requirement (gap)</b>		Up to \$15m	\$22m to \$32m	Up to \$14m
<b>Capital Demands for Residual Assets</b>				
Residual Asset to be funded	CPGC & GBLC	Nil	CPGC	CPGC
Estimated Capital requirement	\$30m		\$22m	\$22m
Less Funding Contribution (CPGC Operator contribution)	(\$7.5m)		(\$7.5m)	(\$5m)
<b>Net City Funding Demand</b>	<b>\$22.5m</b>		<b>\$14.5m</b>	<b>\$17m</b>
<b>Total City Liability (net)</b>	<b>\$22.5m</b>	<b>\$15m</b>	<b>\$36.5m to \$46.5m</b>	<b>\$31m</b>

### [George Burnett Leisure Centre \(GBLC\)](#)

A city asset comprising of a recreational hall for badminton, basketball, soccer, volleyball plus seminar meeting rooms. The functionality of the facility is inadequate, with only one under-size court. The facility is not yet at the end of its asset life

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physically, but renewal / upgrade works are required to allow it to continue to meet current service level requirements.

### **Collier Park Golf Course (CPGC)**

The operational buildings (clubroom and pro-shop) for this facility are nearing the end of life both physically and functionally and require renewal to maintain operational sustainability. CPGC also requires further development to support its commercial viability, in order to broaden the market base. CPGC is currently under leasehold to Clublinks (until March 2023). The lease agreement includes for the City and Clublinks to deliver a masterplan for CPGC renewal within the lease term. The RAF proposal would meet the masterplan renewal objectives and negate the need for a separate masterplan.

### **Financials**

Historically, standalone local government aquatic facilities have not provided an operational surplus. Therefore, the challenge for the City is to develop a financially sustainable proposal that provides an asset that enhances the community, recreation and aquatic services the City provides to the community.

The scope of work to date has been, identify and assess potential sites, to confirm the commercial viability of a proposal and to support funding discussions. The financial review was therefore undertaken to a level appropriate for the relative benchmarking of locations, in order to select a preferred option.

This work identified only one location as providing a solution that:

- Attracts sufficient funding to meet the capital demands;
- Provides a financially sustainable facility; and
- Can be developed within an appropriate time frame.

The location is CPGC (north of the clubhouse). This option is now recommended for selection as the preferred site to be referred for further due diligence to confirm and detail the financial viability of the proposal.

The next phase would be the completion of a robust business case suitable for State funding applications, and that will provide Council with reliable data on:

- Likely capital & operational costs;
- Project delivery schedule; and
- Key project risks.

Should the proposal prove to be sustainable following this business case, it is expected that Council would appropriately endorse progress to the detailed design phase.

### **Acceptance of the Federal Funding**

The Property Committee requested further detail on the acceptance of the Federal Funding.

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Should the preferred site be approved to commence to the next stage, a letter of acceptance should now be prepared. This would thank the Coalition Federal Government for the \$20 million commitment and acknowledge the contribution of the Member for Swan, Hon Steve Irons MP in advocating for the facility.

It should be noted that any acceptance would be the first stage in confirming the funding only. The funding would continue to be subject to the execution of appropriate documentation and approval. The City would develop the necessary agreements, including the details of the phasing of funding payments, through ongoing discussions and negotiations with the Federal Government.

In the event of a Council decision not to progress the project to the next stage, a letter should be written to the Coalition Federal Government to decline the funding offer. Such an action would inevitably result in significant reputational damage to the City and impact negatively on any future grant or funding applications made to the Federal and State Governments.