



Ocean Reef Sea Sports Club

City Contribution

-- Business Case --

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Attachments

Attachment 1 – Business Case

Attachment 2 – Design of ORSSC

Attachment 3 – Letter from DevelopmentWA

Attachment 4 – Letter from Ocean Reef Sea Sports Club (ORSSC)

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1 INTRODUCTION / BACKGROUND

1.1 Purpose of paper

This report is a business case for the City to consider increasing its capital contribution to the capital costs of the new Ocean Reef Sea Sports Club (ORSSC).

1.2 About this project

In March 2022 Council resolved to contribute \$3.5m towards the capital costs of the \$8.3m cost of the new ORSSC (*item JSC03-03/22 refers*). The ORSSC committed to paying the City \$1.75m so the net impact to the City was committed at \$1.75m. The design of the building has remained in alignment with the preferred concept design presented to Council in March 2022, however, the economic conditions have changed, and as a result, the capital costs are higher than estimated and there is now a funding gap of circa \$1.3m.

DevelopmentWA have done as much as they can to mitigate the costs and/or transfer the costs to other parts of the project. Meanwhile the ORSSC has also accepted ownership of additional costs (av equipment, loose items, relocation costs) in addition to their original \$1.75m contribution, which was already a significant impost for a community club. The City have been requested by DevelopmentWA to consider its position and whether it is possible to increase the contribution.

1.3 Scope

The following are in scope for the business case:

- Concept designs.
- QS costings
- Stakeholder analysis
- Options to address the shortfall.
- Overall financial evaluation

1.4 Stakeholders

There are several stakeholders involved in the planning and construction of the ORSSC building:

	Stakeholder	Role
1	DevelopmentWA	State body responsible for the implementation of the ORM project
2	ORSSC	Club located at the marina that provides community services
3	Bridge42	Consultants employed by DevelopmentWA to manage the project
4	Carabiner	Architect appointed for the design of the ORSSC building
5	Owen Consulting	Quantity Surveyor used by Bridge42
6	Department of Transport	Proposed Marina Manager

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2 ORM PROJECT SUMMARY, BACKGROUND & TIMELINE

2.1 Background / current state

The ORM project has been in progress for over a decade; initially led by the City before being accepted by the State of Western Australia as a project that will be delivered by DevelopmentWA in 2017. Since then the State Government has committed considerable funding to the project and the marina has begun construction. The breakwaters have been mostly constructed and land works have now commenced. The first building to be constructed is the ORSSC in the southern part of the Marina, which is scheduled for completion by November 2024.

2.2 Project vision

The City has long had a firm commitment to this project and adopted the project philosophy and parameters in 2009 which included the following vision statements:

***“The City holds a vision for the Ocean Reef Marina site as a world class recreational, residential and tourism development that encapsulates high levels of environmental sustainability, community amenity and delivers economic growth and social benefit to the residents of the City of Joondalup.*”**

The existing infrastructure at the Ocean Reef Boat Harbour is both outdated and ageing and no longer meets the expectations and needs of present and future generations of City residents or the wider Western Australian community.”

2.3 Development Agreement and Land Transfer Deed

It took almost two years for the City to reach agreement with DevelopmentWA for the key documents (the Development Agreement and Land Transfer Deed), which were endorsed by Council in February 2023 (*item JSC01-02/23 refers*), and recently executed as legally binding agreements. The documents enabled the City to transfer its land to DevelopmentWA. These documents provide the framework for the City’s role in the project going forward:

- ORSSC building – DevelopmentWA have responsibility for leading on the construction of the ORSSC.
- Collaboration – the Development Agreement approved by Council enshrines key principles for the City to work proactively and collaboratively with DevelopmentWA and other key stakeholders (e.g. Department of Transport) for the design, construction and successful operation of the ORM. One of the key examples of this close collaboration is the multi-stakeholder design group used to oversee the design of the ORSSC. (The details of this group will be summarised later in the report). Furthermore, this business

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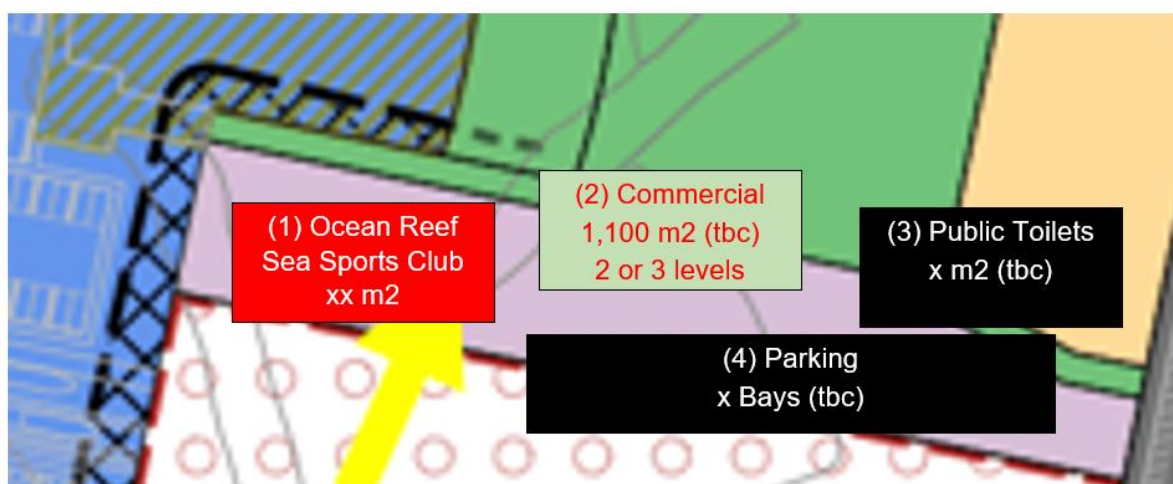


case is an example of the need for the City to work proactively and in partnership with key stakeholders to assess key issues, evaluate options and propose resolution.

- Club Facilities Lot – a portion of premium land to be transferred back to the City (the “Club Facilities Lot”), further details below.
- Marine Rescue Whitfords – not part of the Club Facilities Lot but is part of the Marine Services Lot operated by the Department of Transport (DOT), which reduces the financial responsibilities of the City because at present the City subsidises the Marine Rescue Whitfords.

2.4 Club Facilities Lot

The ORSSC will be located on the “Club Facilities Lot” as shown on the chart below. This lot will also comprise of commercial facilities owned by the City as well as some small public facilities. A business case is currently being prepared to evaluate the options for commercial facilities and will be presented to Council no later than August 2023. These commercial facilities will be the first at ORM and will provide a key role in early activation and provide a financial return to the City.



2.5 Importance of the ORSSC building

The importance of the ORSSC building cannot be underestimated. Firstly, the new building will be home to a growing and historically significant community club (ORSSC have been operating at its current premises for over 40 years), that provide diverse sporting and social opportunities for many residents.

Secondly, and perhaps more importantly, the timely and effective construction of the new ORSSC building is crucial for the overall success of the ORM – the land that the existing ORSSC building is constructed upon is a key location for the development of the ORM and the establishment of the Town Centre. DevelopmentWA have already commenced the EOI process for the Town Centre which will require multi-million dollar investment by a proponent to construct the dwellings, commercial facilities and establishment of the town centre which will provide the marina retail and hospitality offerings. To have the new ORSSC ready by November 2024 will also coincide with the beginning of summer, providing a key opportunity to establish early activation within the new marina.

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If the new building was not ready by November 2024, and the ORSSC was still located in its existing property, the increasing civil works around their facility would present significant risks to the continued efficient delivery of their day-to-day operations. From the summer of 2024/25, heavy construction activity is scheduled to support the establishment of the town centre. Any delays in relocating the ORSSC to a new facility will have knock-on impacts to the upcoming civil works and the financial health of the ORSSC if they are unable to operate for any extended period of time.

2.6 ORSSC business case

A business case was initially prepared on behalf of the Club by McGees in 2019 and after feedback provided by the City and Development WA, the Club re-evaluated their requirements and funding options. The Club commissioned an external party at their own expense to develop a revised business case in 2021, which was reviewed by the City.

There are useful elements in the business case, that the City and Development WA were able to draw upon to help the Club with the relocation to a new site. Some of the key issues identified in the business case:

- Financial projections assessed.
- Social and economic return on investment is reasonably strong due to social benefits.
- Schedule of requirements will assist with the design.
- Membership increase – from 1,200 to 2,500 (with capacity of up to 3,000)
- Boat pens – proposal made for the Club owning and leasing boat pens, which would further increase the risk of financial sustainability for the Club.
- Risk analysis detailed.

The financial sustainability of the Club and current position is covered in more detail later on.

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3 SCHEMATIC DESIGNS, QS COSTINGS & SHORTFALL

3.1 Redevelopment Committee

A joint project team have been working together since 2022 to prepare the concept designs and schematic designs for the ORSSC. The project team has comprised of the City's Asset Management Team, the ORSSC (and RSL), DevelopmentWA, Bridge 42 and Carabiner, with a minimum frequency of fortnightly meetings held. A team of technical consultants including but not limited to quantity surveyor (QS), facilities management, structural engineers, landscape architects have also provided detailed input into the design team process to date. The group have worked continually with the ORSSC to understand their requirements to finalise a building design that is functional, fit-for-purpose and provides for a reasonable level of specification to all parties' satisfaction.

3.2 Funding assumptions October 2021 – \$8.3m

The estimated capital cost as at October 2021 for the ORSSC building was \$8.3m, as reported to Council in March 2022. The funding split was as follows:

- \$4.8m by State Government through DevelopmentWA
- \$3.5m by the City, with 50% of this (\$1.75m) to be repaid by the Club

The \$8.3m capital cost was based on a Concept Design agreed by the Club, DevelopmentWA and the City. This was based on a building size of 1,690m².

3.3 Schematic designs

Since last year the project team have developed the schematic designs which are shown in attachment 2. The key elements of the design are:

- Two levels instead of the original three that was proposed.
- Original business case by ORSSC was 4,044 m² now, the revised design is now 2,044 m².

3.4 QS costings

The table below summaries the QS costings. There are three columns as follows:

- October 2021 estimated cost of \$8.3m
- February 2023 revised cost of \$10.3m
- March 2023. Following an extensive review by the design team and all stakeholders, the capital costs were reduced to \$9.6m, with DevelopmentWA able to reallocate some of the costs (electrical and hydraulic services) to other parts of the project and the ORSSC accepting ownership of the loose furniture and loose items.

Both DevelopmentWA and the ORSSC have indicated they have done all they can to mitigate the costs to reduce the funding gap, please refer to Attachments 3 and 4.

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owenconsulting

quantity surveyors + construction consultants

13 March 2023

OCEAN REEF MARINA

Sea Sports Club

Schematic design cost estimate	CD 29.10.2021 OPTION 3	SD 28.02.2023 PRE-MEETING	SD 13.03.2023 POST-MEETING
Building	\$ 5,600,000.00	\$ 7,200,000.00	\$ 7,215,000.00
External works	\$ 35,000.00	\$ 35,000.00	\$ 35,000.00
External electrical services	\$ 65,000.00	\$ 125,000.00	\$ -
External hydraulic services	\$ 120,000.00	\$ 260,000.00	\$ 185,000.00
Landscaping works (Plan E)	\$ 330,000.00	\$ 580,000.00	\$ 465,000.00
Marina Works (DevWA)			
- Bulk earthworks and retaining	excluded	excluded	excluded
- Carparking facilities	excluded	excluded	excluded
- Hydraulic and electrical infrastructure (\$200k)	excluded	incl. above	excluded
- Infrastructure headworks charges	excluded	excluded	excluded
- Wayfinding signage	excluded	excluded	excluded
Construction Cost (excl GST)	\$ 6,150,000.00	\$ 8,200,000.00	\$ 7,900,000.00
Design contingency	\$ 305,000.00	\$ 190,000.00	\$ 180,000.00
Construction contingency (5%)	\$ 310,000.00	\$ 410,000.00	\$ 395,000.00
Construction Cost + Cont. (excl GST)	\$ 6,765,000.00	\$ 8,800,000.00	\$ 8,475,000.00
Consultant fees	\$ 677,000.00	\$ 891,845.00	\$ 815,000.00
Marina PM fees	excluded	excluded	excluded
Council fees and charges	excluded	excluded	excluded
Percent for art (1% of Construct + Design Cont)	excluded	\$ 84,000.00	\$ 81,000.00
Loose furniture + equipment	\$ 400,000.00	\$ 400,000.00	excluded
AV equipment	\$ 150,000.00	\$ 150,000.00	excluded
Relocation of RSL monument	excluded	excluded	excluded
ESD initiatives (PV system, rain tanks, etc.)	excluded	excluded	excluded
Net Project Cost (excl GST)	\$ 7,992,000.00	\$ 10,325,845.00	\$ 9,371,000.00
Cost escalation to tender (Oct 21 - Jun 22)	\$ 338,000.00	included	included
Cost escalation to tender (Jul 22 - Feb 23)	excluded	included	included
Cost escalation to tender (Mar 23 to Jul 23)	excluded	excluded	\$ 250,000.00
Gross Project Cost (excl GST)	\$ 8,330,000.00	\$ 10,325,845.00	\$ 9,621,000.00
		\$ 1,995,845.00	\$ 1,291,000.00

3.5 Why have the capital costs increased?

The capital costs have mostly increased due to economic conditions between October 2021 and March 2023. Indeed, with each month that passes, there is a further risk of the costs worsening. This has also been evidenced in other city projects. The Australian Institute of

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Quantity Surveyors has reported that construction costs in Western Australia have increased by 13.5% in 2021 and 9.4% in 2022.

The increases projected in the next few years are lower but still higher compared to previous years:

- 2023 – 5.7%
- 2024 – 4.5%
- 2025 – 3.9%

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4 FUNDING BY STATE/DEVELOPMENTWA

4.1 Funding committed by State

The Government of Western Australia has recently increased the project budget to \$223million to accommodate escalation in core marine infrastructure required to construct the marina. The State has already spent and committed \$103 million in delivering the marina to date. The most recent re-approval of the project by Treasury was in November 2022 and it is not considered feasible by DevelopmentWA to go back to Treasury for increased funding so shortly after the most recent increase. Not only due to the protracted timeframes required to submit a funding proposal to Treasury, but the risk that there is no guarantee the proposal would be considered favourably due to the most recent, and significant, escalation increases approved by the State already.

4.2 DevelopmentWA actions to address the ORSSC gap

DevelopmentWA have provided a letter (Attachment 3) to summarise their position and the actions they have already taken to mitigate the gap. The key points in their letter are:

- Additional funding has been confirmed by DevelopmentWA circa \$2.75m
- Challenging construction environment
- Strong collaboration between all key stakeholder is acknowledged and welcomed going forward
- Option 3 for the ORSSC was the option forming the approval of the City's commitment in March 2022. Option 3 remains the option used throughout the schematic design process.

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5 CLUB CONTRIBUTION & FINANCIAL SUSTAINABILITY

5.1 Club contribution \$1.75m

In March 2022 the Club committed to repaying \$1.75m to the City. This is a significant financial contribution for a community organisation. The City has provided a range of options for the Club to repay this cost (including interest) as shown in the table below. The City has encouraged the Club to:

- One-off payment – use any surplus cash to repay some of the \$1.75m and therefore mitigate the repayment costs including interest. The club have considered this but do not believe it is viable for reasons explained in this section.
- Repayment term – minimise the term of repayment to the City, ideally 10 years or less, so that the cost of interest is minimised.

		Repayment Term (years)			
		5	10	15	20
Potential interest costs	2.5%	\$373,422	\$198,329	\$140,266	\$111,458
	3.0%	\$378,214	\$203,211	\$145,308	\$116,677
	3.5%	\$383,043	\$208,165	\$150,457	\$122,036
	4.0%	\$387,907	\$213,189	\$155,711	\$127,532
	4.5%	\$392,807	\$218,284	\$161,069	\$133,163
	5.0%	\$397,743	\$223,450	\$166,530	\$138,926

5.2 Full costs to the Club of the relocation

In addition to the \$1.75m contribution, the Club has accepted responsibility for following expenses:

- Furniture purchases, CCTV installation and Audio Visual equipment
- Relocation costs – estimate

The Club are assessing the costs of each of these items, these are likely to be over \$0.5m so the total contribution by the Club will be over \$2m. In addition they will require cash to fund operations during periods of closure.

5.3 Property Management Framework 2022

Council adopted the new Property Management Framework in November 2022 (*item CJ193-11/22 refers*). The 2022 framework built on the previously adopted 2012 framework which had proven to be a successful policy document in providing strategic guidance to the City in assessing suitable uses and occupation arrangements on City owned or managed land. The key principles of the framework, including notable enhancements in the 2022 framework are:

- Direction - provide clearer direction to existing and potential tenants on the City's approval processes for tenure arrangements and the principles underpinning them
- Categories - simplify tenant categories to better reflect the type of activities undertaken on/within City properties
- Capacity to pay - simplify tenant categories to better evaluate the tenant's capacity to pay

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- Long-term - review the best and most appropriate uses for properties over the long-term through tenure period reductions.
- Public access - the importance of maximising access by the public to City owned and managed properties.
- Public benefit - ensuring tenure arrangements entered into with the City provide an overall benefit to the public.
- Responsibilities - minimum tenant responsibilities for maintenance and the payment of outgoings and utilities.
- Valuations - the use of market valuations or % of Current Replacement Cost to determine rent.

5.4 New Lease based on adopted Property Management Framework

The exact terms of the new lease with the Club are still to be resolved but based on the adopted *Property Management Framework* it is estimated that the annual lease cost for the ORSSC would be circa \$25k per year. This is based on the following items as per the adopted Property Management Framework:

- Current Replacement Cost – the market value of the building, including contributions from all parties, is used as the starting point. Although the overall estimated project cost, including contingencies, is \$9.6m the construction cost is \$7.9m so this latter value has been used for now.
- Classification type = “Community Purposes”. The other two categories in the framework are “Capital Appreciation” and “Income Generation”. As the ORSSC is a community club with recreational activities it is therefore classified as “Community Purposes”.
- Tenant Category “C” – a community group with an annual gross revenue of less than \$3m, occupying the premises for non-commercial purposes. Category A and B tenant categories relate to organisations occupying for financial benefit or revenue more than \$3m.
- Rent methodology – this is classed within the framework as “Rent – Leases”, a table is provided to calculate the rent and rent is set on the basis of a Tenant’s capacity to pay.
- Base Rent. Table 3 in the framework provides a table with a sliding scale to calculate rent as a % of replacement cost, and with reference to the gross revenue. The most recent set of accounts from the Club have been provided and show gross revenue of circa \$1.6m. Based on Table 3, the relevant % to apply to replacement cost is 0.4%. So the annual rent would initially be calculated as $0.4\% \times \$7.9\text{m} = \$31,600$.
- Subsidy based on contribution – the framework allows for entities to a subsidy on the rent as a proportion of their contribution. The ORSSC contribution is \$1.75m which equates to circa 22% discount, so the rent is reduced from \$31,600 to circa \$25,000.

The estimated revised lease of \$25,000 per year, is an increase of approximately \$20,000 compared to their existing lease with the City with an annual rent of circa \$4,500. In addition, they would continue to reimburse the City for all outgoings and continue to be responsible for the cleaning and day-to-day maintenance of the building (likely to be via an on-costing arrangement with the City to mitigate any risk of non-compliance).

The City would have responsibility for the structural maintenance and capital replacement.

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5.5 Operating projections

As mentioned earlier, the Club prepared detailed financial projections within their business case. The City critiqued this and has provided some further advice for the Club to refine their model. Moreover, the City has recently reviewed its own contractor rates to provide further advice to the Club. This advice has provided the Club with greater certainty of their likely operating projections within a new facility.

The Club will also need to increase its fixed costs (e.g. staff) to operate a larger facility.

In summary, the operating projections for the Club show they will have greater expenses than previously experienced, but they do expect to generate sufficient income to meet the expenses. However, once the repayment of the \$1.75m loan from the City is taken into account, the Club do not have a lot of flexibility with regard to their financial capacity.

5.6 Cash

The Club currently has over \$1.5m in the bank but this cannot be recognised as cash available to contribute to the project as \$0.5m of this is working capital. In addition with the additional costs that the club have accepted the remaining will further reduce. It is vital that the Club has sufficient working capital in the early years to operate effectively and provide safety guards for any unforeseeable costs they may incur, as they settle into a new, and much larger, facility. The most likely relating to increasing employee costs.

5.7 Support by the City to the ORSSC

The City has provided extensive support and advice to the ORSSC during this process, including but not limited to:

- Design reviews.
- Affordability – critique of their financial projections.
- Day-to-day maintenance and cleaning – provision of realistic contractor rates for estimating the costs, rather than just extrapolating existing costs. The City's Asset Management Team have undertaken a detailed review, room by room and component by component (e.g. mechanical services and water fixtures).
- Reuse and repurpose – critique of existing assets and whether any can be retained.
- Electricity costs – consideration of whether they can be connected to a future micro-grid, with the installation of solar panels to further off-set their operating costs.

This is demonstrated in the attached letter (attachment 4) from the ORSSC Commodore, which also states that the ORSSC will be stretched enough with the \$1.75m commitment and the other costs they have agreed to.

5.8 City view of the ORSSC financial sustainability

The City is of the view that the Club will be financially sustainable, albeit with some risks, and will not generate excessive financial surpluses. Whilst the Club has built up a cash reserve of over \$1.5m, it will require large parts of this for their one-off costs of relocation, equipment and furniture. The City had encouraged the Club to use some of their cash reserve to repay some of the \$1.75m to the City, but the Club needs to ensure they have sufficient working capital so as to not fully deplete their cash reserves in the early years of establishment so the City acknowledges the position of the Club not to repay down any of the \$1.75m at this point.

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The City had initially proposed a repayment term of no more than 10 years to the Club, but after reviewing the financial projections, is of the view that a 15-year repayment term may provide them more flexibility, particularly in the early years.

In summary, the City has the view that if the Club had to increase its contribution further to support any funding gaps in the capital costs, it would present a significant financial risk to their financial sustainability.

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6 RISKS OF FUNDING GAP NOT BEING MET

6.1 ORSSC membership

The ORSSC provide significant sporting and social benefits to the community and have a great opportunity to increase their membership and collaborations with other organisations and community groups, as long as the building is of a sufficient size. If the agreed design cannot be met, this is a lost opportunity for the club and the community.

6.2 Overall ORM

The State have committed circa \$223m to the development of the marina with several increases already being approved. The overall ORM will be state of the art and it therefore needs to ensure that the southern part of the site is aligned. Each month that goes on will further increase the risk of additional escalation.

6.3 City reputational risk

The City initiated the ORM project over 10 years ago and has continually committed to the project in partnership with the State/DevelopmentWA. This is now enshrined in the Development Agreement approved by Council in February 2023. The evaluation of the funding gap and preparation of this business case has been prepared by the City because of its proactive role in the ORM project.

Whilst the ORM project is being led by DevelopmentWA, the City would suffer from significant reputational damage if the funding gap for the ORSSC building was not addressed by either the City, DevelopmentWA and/or the Club, and may be viewed as the City failing to fulfil its obligations to act in good faith in the delivery of the ORM project, (in accordance with the Development Agreement), if it were to not consider the request from DevelopmentWA for an additional funding contribution. Particularly given the efforts, and further contributions outside of the project to construct the new ORSSC facility, that have been pledged by DevelopmentWA and the ORSSC; exceeding \$3m.

6.4 Existing Club Building is located on site of new road

The existing ORSSC building is located on the new main entry road into the marina, being an extension of Hodges Drive through to the Town Centre. The existing ORSSC also sits over what will become the community beach and central public open space as shown below. The new road to the Town Centre is critical to the development of the Town Centre and also provides access to the northern precinct of the marina along with access to the central public open space and beach. If the new club building is not ready on time, there is a risk that the existing club is still operating close to significant surrounding marina civil works, which will result in risk to their day to day operations not to mention risk delaying the surrounding civil construction works. The fill below the current ORSSC is required to construct the marina and achieve the finished earthworks levels through a sustainable cut to fill balance sourced site, avoiding increased trucking to and from the site of imported material. This was an engineering objective of the project going as far back to the City's earlier concept design work and referenced in the publicly advertised Metropolitan Region Scheme Amendment initiated by the City.

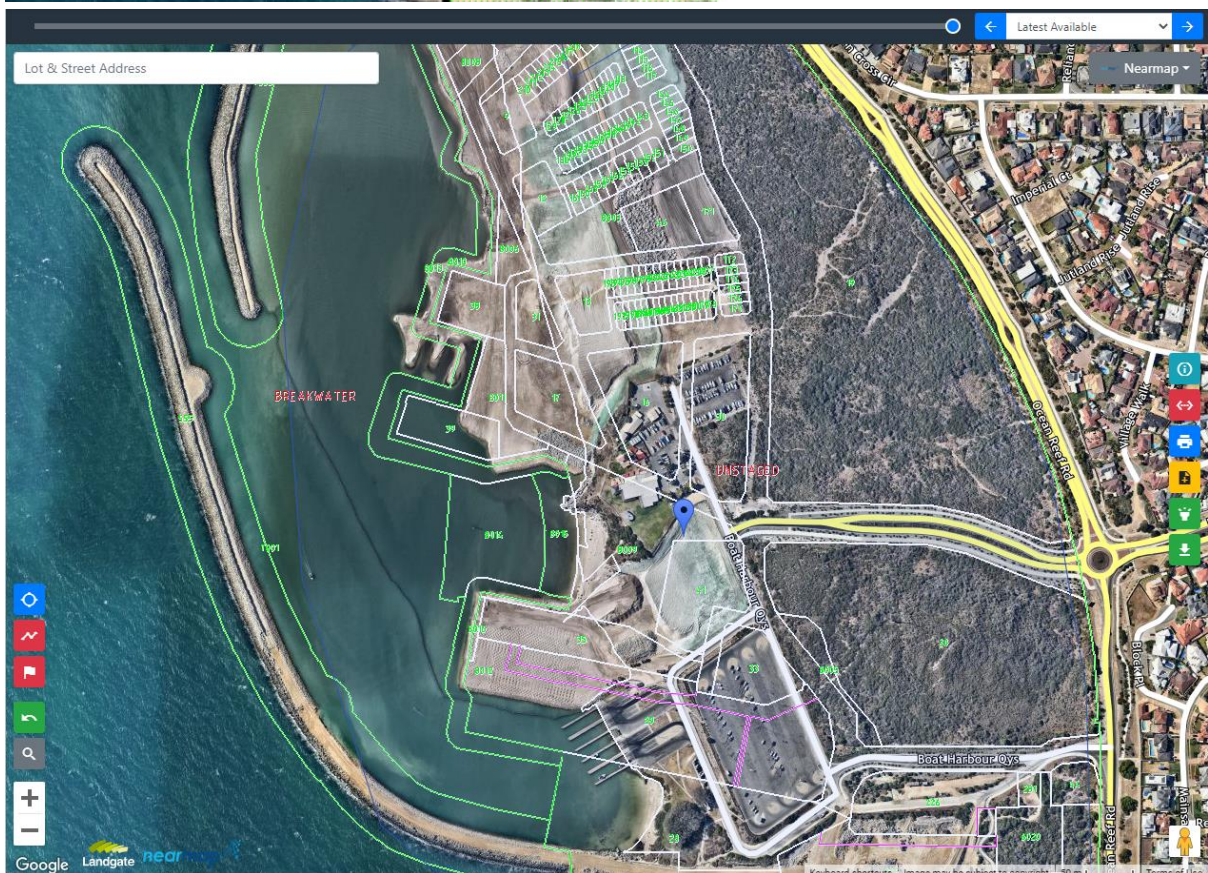
There are two charts below to illustrate this point. The first chart shows the most up-to-date marina and club buildings with the new breakwaters also visible. The second chart underneath

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then shows the stage 1 approved subdivision with the blue marker being the existing club building and clearly shows is central to the town centre construction and roadworks.



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7 FINANCIAL EVALUATION – CITY IMPACTS

7.1 Financial evaluation March 2023

The previous financial evaluation was prepared over one year ago, in January 2022 and reported to Council in March 2022 (*item JSC03-03/22 refers*). It is therefore worth updating to take account of any key changes in assumptions, to evaluate the affordability of increasing the contribution towards the ORSSC building and if the financial objectives are still achieved.

7.2 Financial sustainability definition

In 2021 the City prepared a business plan for the ORM project and signed a Heads of Agreement with DevelopmentWA. The Business Plan included two financial objectives for long-term financial sustainability for the project and its impacts on the City's ratepayers:

- Operating surplus/deficit: Recurring impacts, including depreciation, should be no worse than zero once the Marina is fully developed. This is measured by comparing the estimated future impacts to the existing operating deficit of the Ocean Reef Boat Harbour.
- Cashflow impacts: 50-year cashflow impacts are zero or positive compared to baseline.

These objectives remain in place and are crucial for the consideration of this business case.

7.3 About the financial evaluation

The financial evaluation for the overall ORM relates only to the direct financial impacts to the City. The financial evaluation is prepared based on five separate strands, as listed below. As part of the 2021 and 2022 financial evaluation, there was a separate supporting report prepared for each of the five strands but there is insufficient time or resource to prepare five separate reports this time so only the financial model has been updated and the key issues documented in this report.

1. One-off investment costs
2. Rates income
3. Parking income and expenses
4. Infrastructure services
5. Club Facilities Lot

There are four sets of values prepared for each of the five strands:

	Scenario	Definition
	Baseline	The current income and expenses of the existing marina
1	Best Case	Most favourable financial impact
2	Realistic	Most likely set of assumptions in terms of ongoing responsibilities, operating income and expenses. These assumptions should be reasonably prudent and avoid overestimating potential benefits to the City.
3	Worse Case	Least favourable financial impact.

Business Case

Ocean Reef Sea Sports Club – City Contribution



7.4 Changes to the 2023 financial evaluation:

The following items have been updated as part of the March 2023 financial evaluation. Note that the “Impact” relates to the change in the annual operating surplus / (deficit) for the steady state.

	Item	Strand	Impact \$000s	Comments
1	Today's dollars	All	(\$11)	Rates values increased by 4% but expenses and depreciation increased by 10%
2	Parking fees & infringements	Parking	(\$361)	Parking fee income removed from realistic scenario until the parking operating model is assessed and presented to Council. Infringement income and expenses reduced due to recent changes in operations.
3	Club Facilities Lot	Club Facilities Lot	+\$138	Previous financial evaluation assumed that a commercial income stream would be achieved from the ORSSC building itself, but the revised model now takes account of the Land Transfer Deed whereby the City will construct stand-alone commercial facilities.
	TOTAL		(\$234)	Sum of above

7.5 Other items considered but not amended at this stage

The following items are for noting and have not been subject to any change in the financial evaluation:

- Baseline – not considered necessary to change the baseline. This has been subject to detailed evaluation in 2021 and 2022 with long-term averages used. Whilst there may have been some changes in the baseline values within 2022/23 financial year, this will not have had a significant impact on the averages so it is cleaner to leave the baseline intact which means the only changes are to the three scenarios. The last time the baseline was updated in 2022 the change was only \$22k.
- Beach pool – the Development Agreement does NOT commit the City to maintain or operate the beach pool but states that the City may agree to some responsibility, but this would be subject to a separate agreement with the DOT. No further discussions have taken place and therefore it is not viable to include any income or expenses at this stage.
- Dwellings – DevelopmentWA have confirmed there is no update on the quantity of dwellings so there continues to be 1,332 dwellings (including short-stay) included in the evaluation.
- Parks, Public Open Space, Infrastructure – likewise DevelopmentWA have also confirmed there is no update to the assumptions previously used in the January 2022 evaluation.
- Events – there is no provision in the financials for additional costs for the City running events at the ORM and it is not proposed to add in any costs at this stage. However, there may need to be a future consideration for this so that the City is supporting activation at

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Ocean Reef Sea Sports Club – City Contribution



ORM, alternatively the existing events programme may just be used to include events at ORM.

- CAT bus – earlier concept plans indicated the potential use of a CAT bus to transit visitors to/from Joondalup CBD. As per the existing CBD CAT buses, the ORM CAT bus could potentially be partly subsidised by the City. This is not included in the financial evaluation and ideally this is not an expense that the City would want to subsidise.
- Smart City – the City continues to work with DevelopmentWA to evaluate the potential opportunities for smart city infrastructure. At this stage there is no firm proposals or financial impacts to include in the financial evaluation.
- Phasing – there is no change to the phasing assumptions in the financial evaluation.

7.6 Operating surplus / (deficit) – By Strand

The table below shows the estimated operating surplus / deficit per year once the marina is fully completed (i.e. steady state), in today's dollars to the City. There is high confidence that the ORM will provide the City with an annual surplus both before and after depreciation. The worse case, which has a set of very pessimistic assumptions is still \$75k better than the baseline. A few

- Depreciation – whilst it is important to show the annual values of depreciation, the City would not be required to replace the new assets for a long time. The City would need to ensure it sets aside adequate funds into the Asset Renewal Reserve for renewals in later years. But in the early years there would be cash surpluses for the City.
- Parking – as the realistic scenario now excludes income for parking fees and the infringement income is reduced there is now a cash deficit for parking operations of \$132k in the realistic scenario. The analysis still assumes expenses required for parking operations so there would be expenses without matching income. This is in effect subsidised by rates revenue. Parking operations for local government are a non-core service and ideally not intended to be subsidised by ratepayer funds. The previous inclusion of parking fees at just \$0.50 per hour was not intended to provide excessive financial surpluses but an attempt to at least cover expenses. Indeed it is also worth noting that there is approximately \$166k of existing income from Boat Trailer Parking fees that will be lost as part of the project because that part of the marina will be part of the Marina Precinct operated by DOT.
- Club Facilities Lot – this has the potential to generate a surplus of over \$0.5m before depreciation, but this would be significantly reduced to just \$0.2m after depreciation. The evaluation is based on indicative assumptions only and the development of commercial facilities is subject to a business case currently being prepared and will be presented to Council by August 2023.

Business Case

Ocean Reef Sea Sports Club – City Contribution



Operating Surplus (deficit) by Strand excluding escalation	Baseline	Scenario1	Scenario2	Scenario3
	Current I&E	Best Case	Realistic	Worst Case
	\$000s	\$000s	\$000s	\$000s
Rates Income	\$0	\$3,333	\$2,951	\$2,878
Infrastructure Services Maintenance	(\$66)	(\$1,154)	(\$1,205)	(\$1,283)
Parking operations	\$166	\$114	(\$132)	(\$56)
Clubs Facilities Lot	(\$30)	\$906	\$585	\$337
Operating Surplus/(Deficit) BEFORE Depn	\$71	\$3,199	\$2,199	\$1,876
Depreciation / Asset Replacement	(\$159)	(\$1,889)	(\$1,848)	(\$1,890)
Operating Surplus/(Deficit) AFTER Depn	(\$88)	\$1,310	\$351	(\$14)
vs Baseline		\$1,398	\$439	\$75

7.7 Operating surplus / (deficit) – Versus previous evaluation

The table below summarises the movements between January 2022 and March 2023.

Revised Projection versus Previous Projection	Baseline	Scenario1	Scenario2	Scenario3
	Current I&E	Best Case	Realistic	Worst Case
	\$000s	\$000s	\$000s	\$000s
Updated projections (March 2023)	(\$88)	\$1,310	\$351	(\$14)
Updated projections (January 2022)	(\$88)	\$1,475	\$585	\$144
Revised Projection versus Previous Projection		(\$166)	(\$234)	(\$158)

7.8 Sunk costs

From 2005/06 until now, the City has spent approximately \$7.3m to develop the project and received \$1.3m in grants, resulting in a net cost to the City of \$6m. The allocation of funds to the project enabled the City to progress with the project in accordance with the endorsed Project Philosophy and Parameters (*Item JSC05-05/09 refers*). The Heads of Agreement, agreed with DevelopmentWA in 2021, acknowledged that the City will not receive compensation for its sunk costs but there would be alternative opportunities such as commercial income streams. The financial evaluation indicates there will be sufficient recurring income to cover both future expenses and the sunk costs.

7.9 Total investment costs by City

If the City contributed a further \$1.3m to the ORSSC building, this would bring the total net committed investment costs to \$9.07m, comprising of:

- Sunk project costs \$6m (total costs of \$7.3m with grants received of \$1.3m)
- ORSSC initial commitment \$1.75m (\$3.5m paid by City and \$1.75m repaid by Club)
- Additional contribution \$1.321m

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Ocean Reef Sea Sports Club – City Contribution



7.10 Summary comments

If the City commits a further \$1.3m to the ORSSC project, it will take the total commitment to circa \$9.07m. In return for this, the City has secured a premium piece of land, valued at \$4.31m, and has high confidence of achieving a moderate operating surplus which will repay the investment. In addition, the City will have benefited from the development of a world-class marina for the benefit of its ratepayers and the wider community.

7.11 Disclaimer

This report does not contend that the financial projections will come to pass exactly as stated but are based on the most up-to-date information available at this point in time. The projections are best estimates at this point in time but there is a level of risk and uncertainty in all the projections. The actual costs and income will vary, due to the following:

- Detailed design and specification (only concept design have been prepared so far);
- Capital replacement estimates;
- Proponent(s) for commercial operation;
- Proponent for residential towers
- Tender;
- Economic factors.

Business Case

Ocean Reef Sea Sports Club – City Contribution



8 OPTION EVALUATION & RECOMMENDATION

8.1 Multi Criteria Assessment (MCA) – process

A project needs to assess options against the objectives, both financial and non-financial, so that the option that provides the overall best outcome can be recommended. The process needs to be an objective assessment, that can provide sufficient rationale for the recommendation. The multi-criteria evaluation is prepared as follows:

- Objectives – define the objectives that will be used to assess the options.
- Weighting – each of the objectives needs to be weighted e.g., should the financial impacts be given a higher weighting than consultation?
- Options – list the options that could be considered for the project.
- Scoring range – develop a method for scoring each option against the criteria. The method needs to ensure that each option can be clearly categorised and the differences between the options are clear.
- Scoring – each option is then scored.
- Review.

8.2 Project objectives – ORSSC City contribution

To enable the City to evaluate the options for the ORSSC and potential additional City contribution, it is crucial to establish the project objectives as shown on the table below:

	Objective	Success Criteria	Measurement
1	<u>Financial Sustainability - City</u> Recurring impacts of ORM are positive and provide a positive cashflow results.	Positive financial impacts as defined within the Financial Evaluation reports February 2021 and March 2022.	Measured within the financial evaluation. Costs and income for the ORM will be separately evaluated.
2	<u>Social & Economic Return on Investment</u> The project must demonstrate a high return of social and economic benefits.	The success criteria for SROI is normally the preparation of the Benefits Cost Ratio (BCR). The BCR includes.	The business case will not calculate a BCR for each option but will subjectively assess whether each option has a better SROI versus each other.
3	<u>Success of overall ORM project</u> The ORSSC new building is completed to the agreed specification with the Club and ready on time so that their land can be used for the rest of the marina.	Funding gap addressed by April 2023, construction completed by November 2024 and Club relocates. City is recognised as a key player in the success of the ORM project.	April 2024 will still give adequate time for the new building to be constructed.

Business Case

Ocean Reef Sea Sports Club – City Contribution



	Objective	Success Criteria	Measurement
4	<u>Financial Sustainability - Club</u> The ORSSC must be financially sustainable, having adequate income to offset its expenses.	Positive financial surplus	Financial projections of the new building are evaluated with assistance from the City.
5	<u>ORM alignment</u> The ORSSC building should be a key part of the marina and fully align with the project vision.	Club building meets the requirements of the ORSSC and DevelopmentWA	Concept Designs approved and funding agreed for the building.

8.3 Weightings assigned to project objectives

The importance of each of the five project objectives needs to be assessed i.e. do they each have a 20% importance or are some more important than others? Rather than arbitrarily select weightings, the “pairwise” methodology for determining weightings has been applied – this is where each combination of criteria is compared with each other and the criteria that is deemed more important is nominated. The table below summarises the pairwise methodology, there are 10 different pairs, so each combination has a potential 10% and the maximum weighting for any one criteria is 40%. The financial sustainability of the Club and the success of the overall ORM project are deemed to be the most important objectives.

The financial sustainability for the City is of course very important and normally would be considered the most important, but in the context of this specific project and whether the City can afford to contribute a further \$1.2m the financial evaluation has demonstrated that it can afford this.

	Financial sustainability - City	Social & Economic Return on Investment	Success of overall ORM project	Financial sustainability - Club	ORM alignment	WEIGHTING
	A	B	C	D	E	
Financial sustainability - City	A	A	C	A	E	20%
Social & Economic Return on Investment	B		C	D	B	10%
Success of overall ORM project	C			D	C	30%
Financial sustainability - Club	D				D	30%
ORM alignment	E					10%

Business Case

Ocean Reef Sea Sports Club – City Contribution



8.4 Options to address shortfall

The key issue for the City, Club and DevelopmentWA to consider is whether the shortfall is funded or not. If the shortfall is not funded then the building design would have to be reviewed and reduced, which would result in the stakeholder requirements not being met for a fit for purpose facility. If the shortfall is funded, who will fund it, how will it be funded and how does this impact the objectives of the project?

There are four options assessed within the business case:

- Option 1 – do not fund shortfall, reduce building size
- Option 2 – DevelopmentWA to seek revised Treasury approval
- Option 3 – Club to fund the shortfall
- Option 4 – City to fund the shortfall.

8.5 Scoring of each option and explanation

The table below summarises the scores for each option against and then calculates a weighted score out of 5. The reason for the scoring and difference between the options is:

1. Financial sustainability (City) – options 1 to 3 would be better than option 4. Option 4 still achieves a reasonable score of 3 out of 5 because the Overall ORM financial evaluation demonstrates affordability for the additional costs AND the City will generate a positive financial outcome at the Club Facilities Lot and overall.
2. Social & Economic Return on Investment – Option 1, a smaller building, would provide less benefits than a larger building.
3. Success of overall ORM project – options 1 to 3 are considered high risk to the City because of the risks to the Club themselves (of having a smaller building or funding the shortfall themselves) and the reputational risk from requesting DevelopmentWA to seek yet another increase to the project budget from Treasury. Options 1 to 3 would also delay overall marina project for reasons identified earlier i.e. ORSSC will not be able to relocate into new fit for purpose facility as soon as possible (Nov 2024). Option 4 is the least risk option, and the option that best supports the success of the project.
4. Financial sustainability (Club) – options 1 and 3 would undermine the Club's financial situation.
5. ORM alignment – the ORSSC building will be the first building at the ORM and city-owned at that. It is vital that the building aligns with the rest of the marina, a smaller ORSSC building would be considered sub-optimal with the rest of the marina.

Business Case

Ocean Reef Sea Sports Club – City Contribution



Criteria	Pairwise Comparison	Option 1	Option 2	Option 3	Option 4
		Do not fund shortfall, reduce building size	DevelopmentWA seek revised Treasury approval	Club fund shortfall	City fund shortfall
Financial sustainability - City	20%	4	4	4	3
Social & Economic Return on Investment	10%	2	3	3	3
Success of overall ORM project	30%	1	2	2	5
Financial sustainability - Club	30%	2	5	1	5
ORM alignment	10%	1	2	3	4
Weighted Score		2.0	3.4	2.3	4.3
Rank		4	2	3	1

8.6 Commentary on the MCA outcomes

The MCA analysis indicates that Option 4 scores higher than the other options. This appears reasonable based on the project objectives because the City-funded option will be the best option in support of the overall ORM, does not impinge on the Club's financial sustainability and is affordable to the City.

Business Case

Ocean Reef Sea Sports Club – City Contribution

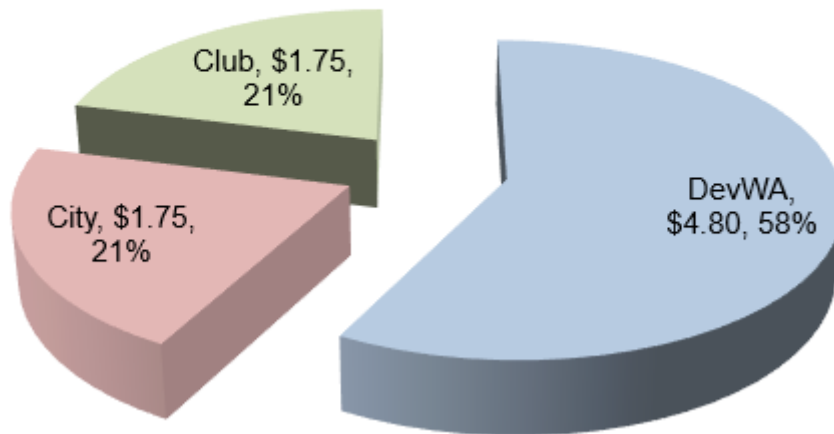


9 SUMMARY

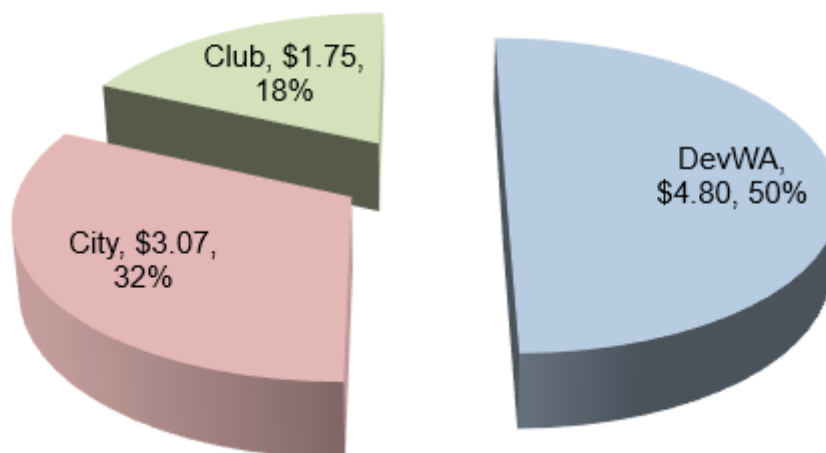
9.1 ORSSC share of costs

The pie charts below show the share of the ORSSC building between the three parties, from the 2022 costs of \$8.3m to the updated QS costs in March 2023 of \$9.6m. This shows that the City's contribution, if they made up the gap would increase from 21% to 32%.

Original \$8.3m Contribution to ORSSC building



Revised \$9.6m Cost (Mar 2023) and potential contribution



Business Case

Ocean Reef Sea Sports Club – City Contribution



9.2 Reasons why the City should increase its contribution?

A summary of the key points in support of the City to increase its contribution are:

- Vision – City's commitment to Project vision and has agreed to the Development Agreement which expects the City to play a proactive role in resolving key issues, especially on the Club Facilities Lot
- Risk – if the City did not fund the gap, it may be seen as not fulfilling its obligations within the Development Agreement
- Big picture – gap of \$1.321m needs to be considered in the context of the bigger picture – overall investment in the marina by State is \$223m.
- The costs to enable construction of the new ORSSC to commence along with direct supporting infrastructure required to service the new building (eg car parking) is being funded by DevelopmentWA (circa \$2.55m) outside the \$9.6m building cost estimate
- Multi-stakeholder review – QS costs critiqued and Capital costs for the ORSSC have already reduced from an initial QS estimate of \$10.3m to \$9.6m
- DevelopmentWA – stripped out other costs from the QS and excluded the project management costs (Bridge42)
- Design – not changed
- Escalation – Economic conditions have caused the changes and in that time the City has earned more in interest from cash reserves than it has budgeted
- Business case – Multi Criteria Assessment has provided rationale for the recommendation.
- Club – affordability and financial sustainability is a key consideration and that by asking the Club to contribute more would pose too much of a financial burden and risk on the Club.
- Land value – Club Facilities Lot has been transferred to the City as fee simple, valued at \$4.31m. Income stream will be created that will repay investment costs.
- Financial evaluation – demonstrates that the financial objectives of the project are still achieved.
- Building – City will own the ORSSC building but only contributing 30% of the cost.
- Timing – new building for ORSSC is a crucial part of the timeline
- Options – all options have been explored and due diligence completed. This has culminated in this robust objective business case.
- Marine Rescue Group – City will have no financial responsibility for the Marine Rescue Group.

9.3 Reasons why the City should NOT increase its contribution:

A summary of the key points in support of the City to NOT increase its contribution are:

- March 2022 – the contribution was intended to be fixed at \$1.75m in March
- The resolution of Council in March 2022 provided an expectation to DevelopmentWA to cap the costs at \$8.3m
- The City has already sunk \$6m into the ORM project

Business Case

Ocean Reef Sea Sports Club – City Contribution



9.4 Previous contributions to Club facilities by Clubs and the City

Before considering whether the City should or could increase its' contribution to the ORSSC building, it is worthwhile listing previous contributions made by Clubs towards Club buildings and also the City contribution, see table below. This shows that the commitment of \$1.75m by ORSSC is the largest contribution by any club to a building project in the City.

	Club building / project	Year	Total cost	Club	City
1	ORSSC City Contribution	2024	\$9.6m	\$1.75m 18%	\$3.07m 32%
2	Sorrento Surf Life Saving Club Redevelopment	TBC	\$14.0m	\$1.0m 7%	\$5.0m 36%
3	Redevelopment Arena Joondalup / Wanneroo Basketball Association#1	2013	\$23m	\$0.0	\$4.0m 17%
4	Warwick Hockey Pitch	2015	\$7.0m	\$0.6m 9%	\$4.0m 57%

#1 the redevelopment of Joondalup Arena involved the provision of basketball courts and several other facilities/extensions.

Business Case

Ocean Reef Sea Sports Club – City Contribution



10 NEXT STEPS

10.1 Controlling the capital cost

DevelopmentWA and their consultants are responsible for the construction of the ORSSC and will utilise processes to ensure that the capital cost does not go above \$9.6m. The tender process looks to engage a builder early (via Early Contractor Involvement) to complete the detailed design which affords the opportunity for the builder to add value into the design process (e.g. inform more efficient ways of construction, materials etc with core objective of improving value for money outcomes). Intention is to move the contract into a fixed lump sum as early on in the contract as reasonable.

10.2 Payment from the City to DevelopmentWA

As mentioned earlier DevelopmentWA are responsible for the construction of the ORSSC building so the contribution by the City has to be paid to DevelopmentWA at some time. There are many different options, several of which are summarised below:

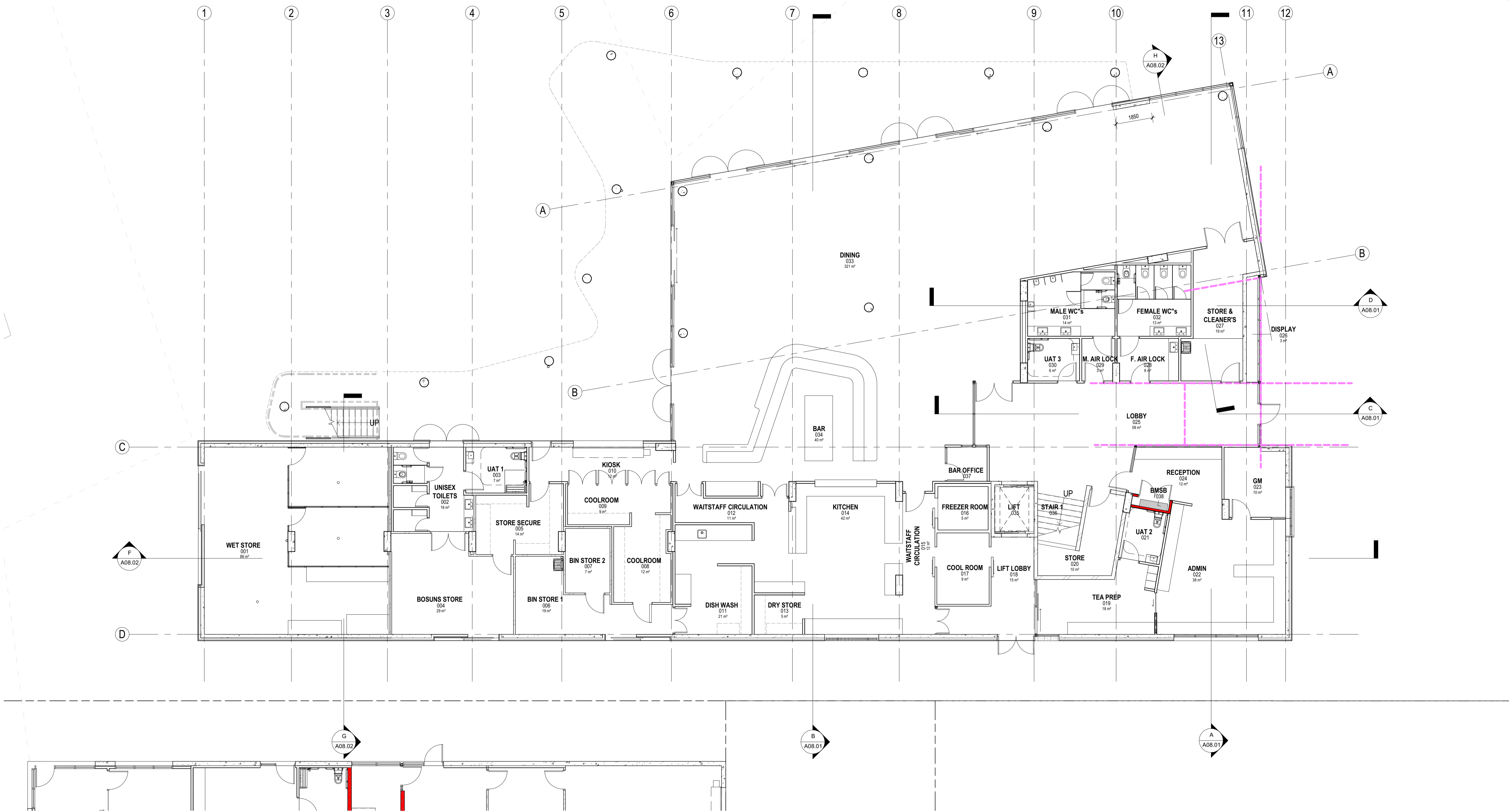
Option 1	Option 2	Option 3
City pays DevelopmentWA 100% of the contribution now	City pays 50% now and 50% at point of completion	City pays 100% at practical completion

Option 1 (pay now) is not considered appropriate because DevelopmentWA have not yet incurred much of the costs. Option 2 (two payments) is overly complicated as is any option that involves multiple payments. Option 3 (pay at point of practical completion) is the proposed method, as it is the simplest and most practical. In addition, this will ensure the City retains the cash for 1.5 years compared to Option 1 and earns interest on this cash, circa \$300k. This is subject to discussion and agreement with DevelopmentWA

Note that the City would assume that the payment to DevelopmentWA would be funded entirely from cash reserve, as there is adequate reserves to afford this.

10.3 Repayment terms for ORSSC to the City – interest costs

As indicated earlier the repayment period for ORSSC should be no more than 15 years or less. There is also the issue of the interest rate that the City should apply to the repayment. It is essential that the process for repayment by the ORSSC is transparent, easy to understand and fixed. It is therefore proposed that the repayments commence at the point of their new lease and a 15-year schedule is agreed there and then based on the WATC 15-year borrowing rate. There will be no changes to this schedule during the repayment, irrespective of whether interest rates go up or down. This will be the process proposed when the key lease terms are resolved within the next two months.



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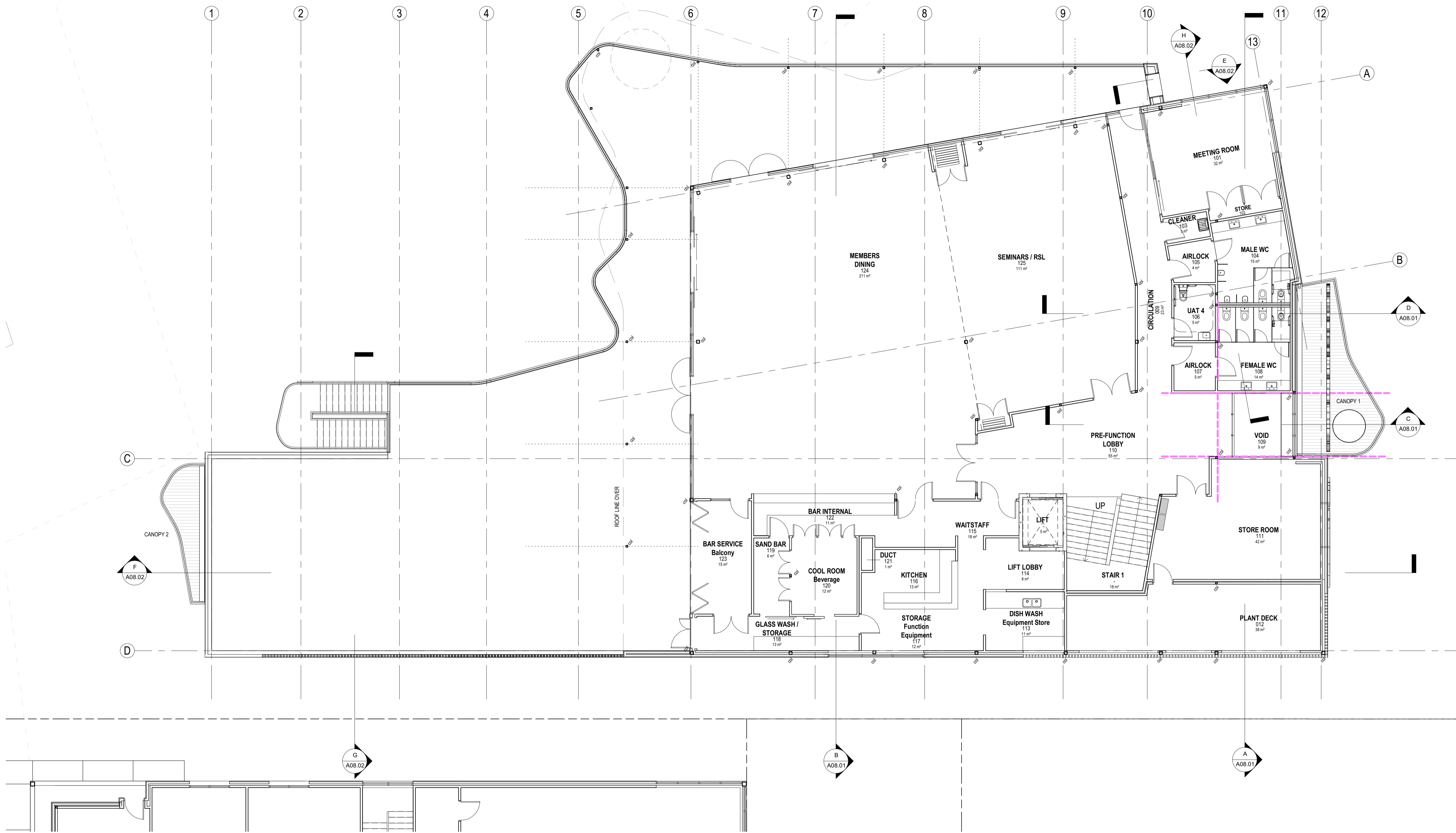
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OCEAN REEF SEA SPORTS CLUB
OCEAN REEF MARINA DEVELOPMENT

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OCEAN REEF MARINA DEVELOPMENT

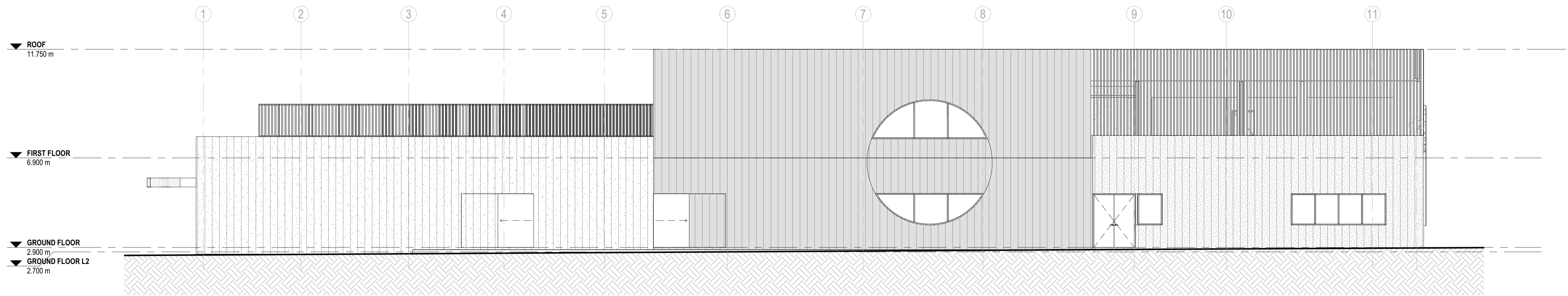
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DEVELOPMENT WA PROJ. No. 2104

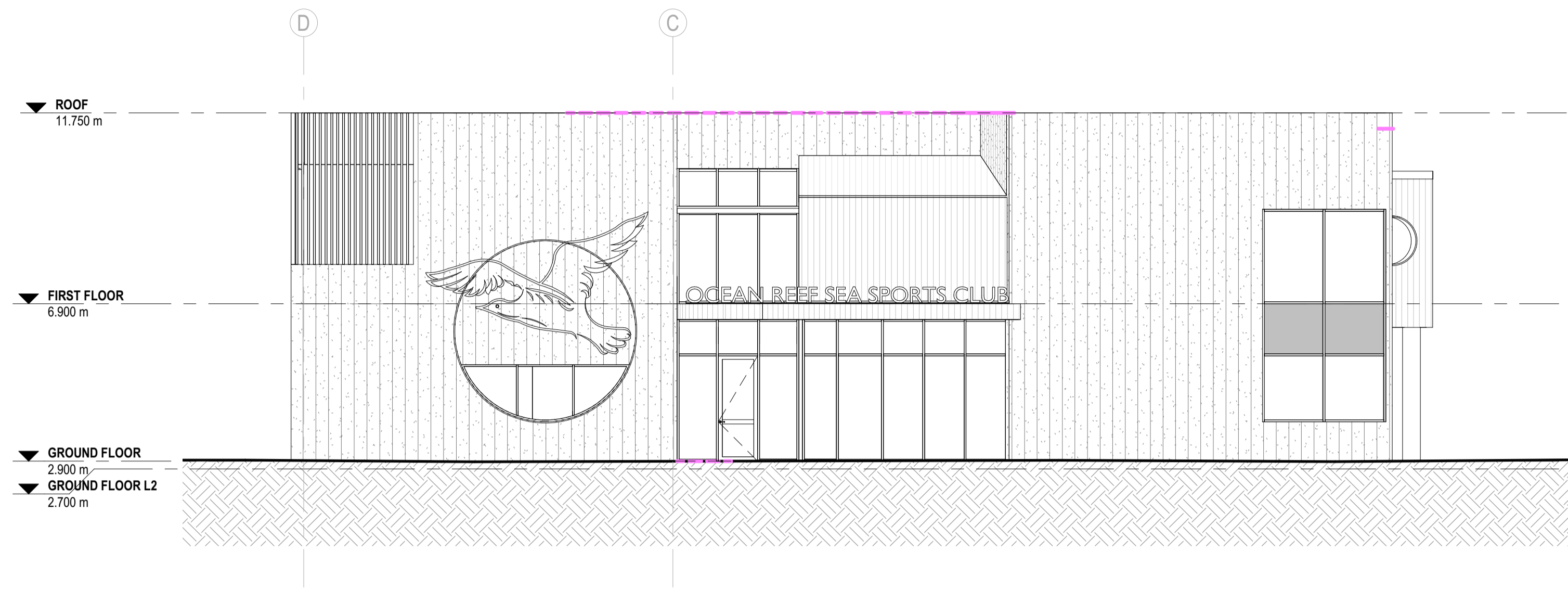
OCEAN REEF SEA SPORTS CLUB
OCEAN REEF MARINA DEVELOPMENT

ELEVATIONS

DRAWN	CG	DESIGNED	DK	REDUCTION	1:100 0 2.5m
CHECKED	CG	PRINCIPAL	Carabiner	DRAWING No.	REV No.
APPROVED	DK				
SCALE	1:100@A1	DATE PRINTED	8/03/2023 3:31:15 PM	A07.00	C

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KEYNOTE LEGEND	
ABBRV	DESCRIPTION



1 EAST ELEVATION
1:100



2 WEST ELEVATION
1:100

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No.	Date	Revision / Issued To	By
C	08/03/2023	ISSUED TO CONSULTANTS	CG
B	28/02/2023	ISSUED TO CONSULTANTS	CG
A	23/02/2023	ISSUED TO CONSULTANTS	CG

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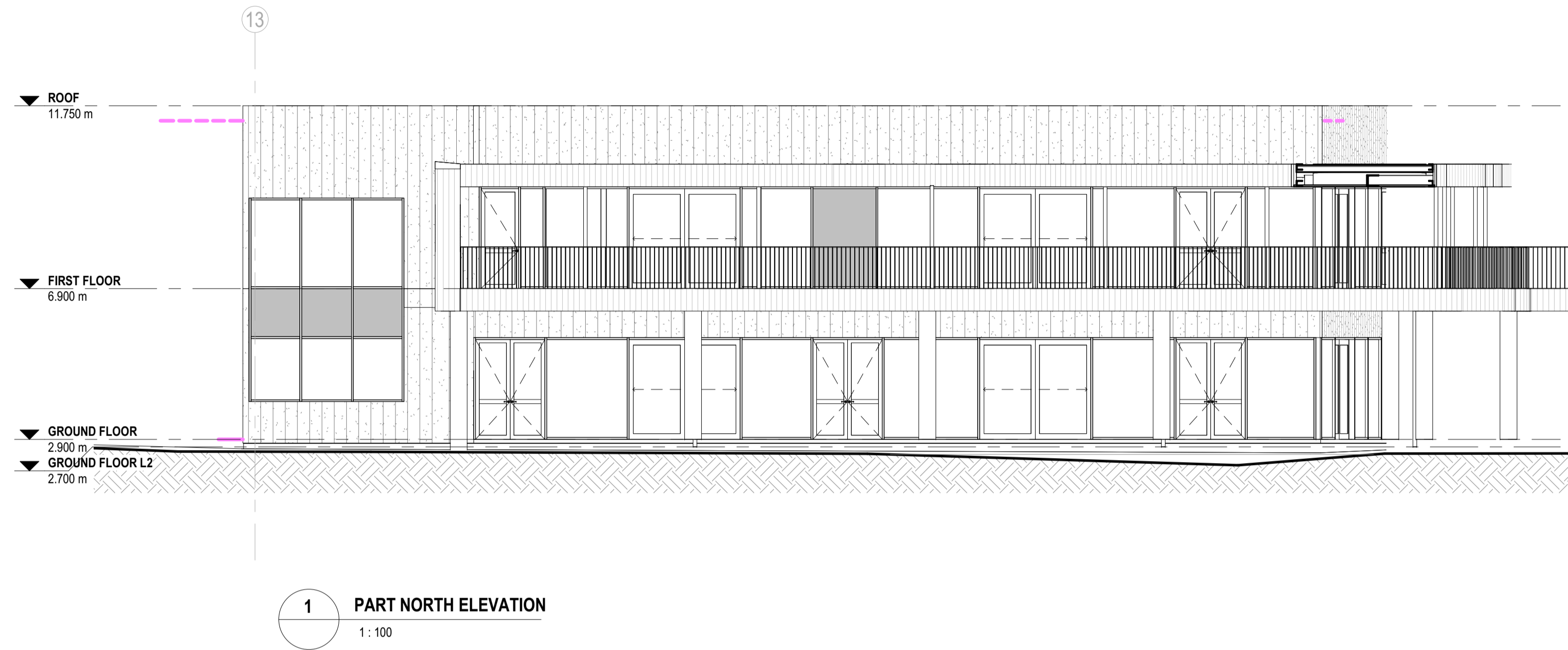
OCEAN REEF SEA SPORTS CLUB
OCEAN REEF MARINA DEVELOPMENT

ELEVATIONS

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KEYNOTE LEGEND	
ABBRV	DESCRIPTION



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DEVELOPMENT WA PROJ. No. 2104
OCEAN REEF SEA SPORTS CLUB
 OCEAN REEF MARINA DEVELOPMENT

ELEVATIONS

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Our Ref: A2602964
Enquiries: Carl Williams – 08 9482 7548
Date: 20 March 2023

Sheree Edmondson
 Manager Asset Management
 Infrastructure Services
 City of Joondalup
 PO Box 21
 Joondalup WA 6919

Dear Sheree

NEW CITY OF JOONDALUP OCEAN REEF SEA SPORTS CLUB FACILITY – DEVELOPMENTWA FUNDING COMMITMENT

We are writing to the City regarding the current design status and cost estimate of the new Ocean Reef Sea Sports Club (ORSSC) facility. DevelopmentWA's priority objective is to continue working together with the City and ORSSC to identify solutions to manage and overcome the project's exposure to the current construction industry challenges to ensure the project progresses forward for all stakeholders. On that basis, DevelopmentWA is in a position to commit additional funding towards the external services infrastructure required to deliver the City's new facility for the ORSSC and Joondalup City RSL.

DevelopmentWA acknowledges the extensive efforts from all parties including the City, ORSSC and the technical design team in progressing the design process whilst continually value managing costs in a challenging construction market where unprecedented cost escalations have been experienced across the industry. The design evolution throughout 2022 has been based on the preferred concept 'Option 3' supported by Council in March 2022, with Option 3 now at the completion of the schematic design phase in readiness for procurement of a built form contractor, finalisation of the detailed design and construction.

In 2022, DevelopmentWA brought forward the marine and civil works construction programme required to create the ORSSC site which is due for practical completion in mid-2023 to enable building construction to commence. It is now imperative that funding certainty is provided for the schematic design estimate of the new ORSSC to enable the planning approvals to commence without significant risk, and shortly thereafter the building contract tendered in April 2023 to engage an experienced builder to commence construction in October 2023 so that the building is constructed in close co-ordination with the significant surrounding marina civil works. Any delay in commencing the ORSSC building has a knock-on impact in delaying the ability for the ORSSC to relocate into its new facility at the earliest possible opportunity, therefore increasing the risk of disruptions to their current day-to-day operations.

The Quantity Surveyor's (QS) schematic design detailed estimate, dated 13.03.23 (Attachment 1) indicates the cost of the building, including all external works, to be \$9,621,000, which is \$1,321,000 or ~16% above the original \$8,300,000 budget dated 29.10.21 (made up of \$4.8million State funding through DevelopmentWA, \$1.75million City contribution and \$1.75million loan from the City to the ORSSC).

To assist the ORSSC and City in achieving the goal of delivering a new facility in line with the current schematic design and stakeholder expectations, DevelopmentWA is in a position to commit the following external scope and cost items in addition to the already committed \$4.8million:

- The costs with bringing external servicing infrastructure to the building contractor's site boundary, namely sewer, water, communications and power. DevelopmentWA will include the external servicing works required for the ORSSC within the broader project stage 1 civil contractor's scope of works. The estimated QS cost is \$200,000 including proportion of preliminaries (refer QS Cost Plan *Services Infrastructure* Items 1-6 within Attachment 1).

There are other direct costs in the order of \$2.55million attributable to the development of the ORSSC site and building which are being funded by DevelopmentWA which sit outside the QS Cost Plan. This is summarised in Attachment 2.

DevelopmentWA wrote to the ORSSC in February 2023 providing a project update and seeking clarification as to the Club's ability to source additional funding to help manage the project cost challenges. The ORSSC provided written correspondence back to DevelopmentWA 23 February 2023 confirming "*ORSSC does not have the capability to generate additional funding to support the project*".

Therefore, in addition to the \$4.8million already committed to the project, we trust that this letter provides DevelopmentWA's commitment to contribute additional funding for external services estimated at \$200,000, along with an itemised summary of the other direct ORSSC project related costs contributions (~\$2.55million) DevelopmentWA is committing to the ORSSC project. On the basis the ORSSC has confirmed it has no immediate capacity to generate additional funds, DevelopmentWA requests the City consider additional funding to cover the QS Cost Plan estimates at its April 2023 Council Meeting.

Yours sincerely



Carl Williams
A/Manager Metro South

cc Jeff Gidman, Bridge42

Attachment 1 – QS Cost Plan 13.03.23

owenconsulting

quantity surveyors + construction consultants

13 March 2023

OCEAN REEF MARINA
Sea Sports Club

Schematic design cost estimate			
	CD 29.10.2021 OPTION 3	SD 28.02.2023 PRE-MEETING	SD 13.03.2023 POST-MEETING
Building	\$ 5,600,000.00	\$ 7,200,000.00	\$ 7,215,000.00
External works	\$ 35,000.00	\$ 35,000.00	\$ 35,000.00
External electrical services	\$ 65,000.00	\$ 125,000.00	\$ -
External hydraulic services	\$ 120,000.00	\$ 260,000.00	\$ 185,000.00
Landscaping works (Plan E)	\$ 330,000.00	\$ 580,000.00	\$ 465,000.00
Marina Works (DevWA)			
- Bulk earthworks and retaining	excluded	excluded	excluded
- Carparking facilities	excluded	excluded	excluded
- Hydraulic and electrical infrastructure (\$200k)	excluded	incl. above	excluded
- Infrastructure headworks charges	excluded	excluded	excluded
- Wayfinding signage	excluded	excluded	excluded
Construction Cost (excl GST)	\$ 6,150,000.00	\$ 8,200,000.00	\$ 7,900,000.00
Design contingency	\$ 305,000.00	\$ 190,000.00	\$ 180,000.00
Construction contingency (5%)	\$ 310,000.00	\$ 410,000.00	\$ 395,000.00
Construction Cost + Cont. (excl GST)	\$ 6,765,000.00	\$ 8,800,000.00	\$ 8,475,000.00
Consultant fees	\$ 677,000.00	\$ 891,845.00	\$ 815,000.00
Marina PM fees	excluded	excluded	excluded
Council fees and charges	excluded	excluded	excluded
Percent for art (1% of Construct + Design Cont)	excluded	\$ 84,000.00	\$ 81,000.00
Loose furniture + equipment	\$ 400,000.00	\$ 400,000.00	excluded
AV equipment	\$ 150,000.00	\$ 150,000.00	excluded
Relocation of RSL monument	excluded	excluded	excluded
ESD initiatives (PV system, rain tanks, etc.)	excluded	excluded	excluded
Net Project Cost (excl GST)	\$ 7,992,000.00	\$ 10,325,845.00	\$ 9,371,000.00
Cost escalation to tender (Oct 21 - Jun 22)	\$ 338,000.00	included	included
Cost escalation to tender (Jul 22 - Feb 23)	excluded	included	included
Cost escalation to tender (Mar 23 to Jul 23)	excluded	excluded	\$ 250,000.00
Gross Project Cost (excl GST)	\$ 8,330,000.00	\$ 10,325,845.00	\$ 9,621,000.00
		\$ 1,995,845.00	\$ 1,291,000.00

Notes

* This cost estimate is based on Carabiner's schematic design drawings plus preliminary engineering consultant input

Specific estimate exclusions

- * CCTV
- * Entry door automation
- * Salto access control system
- * Security screens to windows
- * Window treatments (blinds)

Specific estimate inclusions

- * Beer system (bar areas) - \$50,000
- * Kitchen food and catering equipment (incl. s/s benches, shelving and sinks) - \$200,000
- * Coolrooms and freezers - \$100,000

Project: 21039 - Ocean Reef Marina	Details: SD cost estimate - ORSSC rev 1a
Building: Sea Sports Club	

Item	Description	Quantity	Unit	Rate	Total
BUILDING					
PR - Preliminaries					
1	Allowance for builders preliminaries costs		item		1,100,000
2	FECA - G	963	m2		
3	FECA - 1	642	m2		
4	PLANT	60	m2		
SB - Substructure					
5	100 thick ground slab and thickenings	980	m2	95.00	93,100
6	Setdowns for coolrooms/freezers		item		5,000
7	Footings	100	m3	950.00	95,000
8	Form lift overrun pit (incl. PF4 base)		item		15,000
9	Termite treatment		item		15,000
					223,100
CL - Columns					
10	Concrete columns gfl - 450 dia	16	no	2,000.00	32,000
11	Concrete columns gfl - 1000x350	11	no	4,000.00	44,000
12	Structural steel columns	4.60	t	16,000.00	73,600
13	Structural steel columns - sunset deck	0.70	t		excluded
14	Base plates, HD anchors and grouting	50	no	500.00	25,000
15	Paint to exposed concrete columns	200	m2	50.00	10,000
16	Paint to exposed steel columns	30	m	60.00	1,800
					186,400
UF - Upper Floors					
17	250 thick suspended slab	710	m2	450.00	319,500
18	300 thick suspended slab	135	m2	500.00	67,500
19	350 thick suspended slab	315	m2	550.00	173,250
20	Form 100 setdown	45	m	100.00	4,500
21	Setdowns for coolrooms		item		5,000
22	Concrete attached beams		note		excluded
23	Drainage/waterproofing - balcony/sundeck	440	m2	125.00	55,000
24	Drainage/waterproofing - plant	60	m2	125.00	7,500
25	Balcony slab edge fascia lining	40	m	400.00	16,000
					648,250
SC - Staircases					
26	External staircase including balustrades, finishes, nosings and tactiles	1	no	45,000.00	45,000
27	Internal staircase including balustrades, finishes, nosings and tactiles	1	no	60,000.00	60,000
28	Balustrades to landings and voids	6	m	950.00	5,700
					110,700

Project: 21039 - Ocean Reef Marina
 Building: Sea Sports Club

Details: SD cost estimate - ORSSC rev 1a

Item	Description	Quantity	Unit	Rate	Total
(Continued)					
RF - Roof					
29	Structural steel roof framing - main roof	11.80	t	16,000.00	188,800
30	Structural steel roof framing - awnings/balcony	3.10	t	16,000.00	49,600
31	Structural steel roof framing - main roof trusses	8.00	t	17,500.00	140,000
32	Structural steel roof framing - awning/balcony fascia trusses	6.00	t	17,500.00	105,000
33	Fascia cladding (to truss msd.sep) - awnings	23	m	300.00	6,900
34	Fascia cladding (to truss msd.sep) - balcony	59	m	400.00	23,600
35	Fascia - portico and balcony apertures		item		15,000
36	Sundeck steel framed structure		note		excluded
37	Purlins to roof areas	960	m2	65.00	62,400
38	Roof sheeting (Kliplok)	960	m2	95.00	91,200
39	Roof insulation	720	m2	25.00	18,000
40	Cappings and flashings	185	m	60.00	11,100
41	Parapet cappings	130	m	100.00	13,000
42	Box gutters (incl.supports, flashings + sumps)	106	m	300.00	31,800
43	Valley gutters	7	m	100.00	700
44	Downpipes (roof area)	960	m2	15.00	14,400
45	Glass roof to void	13	m2	1,500.00	19,500
46	Soffit linings		note		refer CF
47	Roof safety system		item		15,000
					806,000
EW - External Walls					
48	External walls - ext framed and fc clad / int lined	280	m2	650.00	182,000
49	External walls - ext framed and fc clad both faces (sun deck)	40	m2	900.00	36,000
50	External walls - precast / fc cladding ext	530	m2	900.00	477,000
51	External walls - int/ext fc cladding (to truss msd.sep)	130	m2	450.00	58,500
52	Feature wall - balcony		item		15,000
53	Batten screening - plant	65	m2	900.00	58,500
54	Batten screening - sundeck	30	m2	900.00	27,000
55	Balcony balustrade	56	m	900.00	50,400
56	Anti-graffiti sealer		note		excluded
					686,400
WW - Windows					
57	<i>Note - assumed single glazed</i>				
58	Aluminium windows and sidelights	240	m2	850.00	204,000
59	Extra over for sliding doors	50	m2	350.00	17,500
60	Window head beam - entry	4	m	500.00	2,000
61	Security screens to windows		note		excluded

Project: 21039 - Ocean Reef Marina	Details: SD cost estimate - ORSSC rev 1a
Building: Sea Sports Club	

Item	Description	Quantity	Unit	Rate	Total
(Continued)					
62	Window treatments (blinds)		note		excluded
					223,500
ED - External Doors					
63	Glazed double entry doors, frame and hardware	7	no	5,000.00	35,000
64	Glazed entry door, frame and hardware	1	no	2,800.00	2,800
65	Entry door automation		note		excluded
66	Salto access control system		note		excluded
67	Timber double doors, frame hardware and paint	6	no	2,200.00	13,200
68	Timber door, frame, hardware and paint	1	no	1,700.00	1,700
69	Roller shutters - stores	17	m2	400.00	6,800
70	Roller shutters - kiosk/bar	14	m2	600.00	8,400
					67,900
NW - Internal Walls					
71	Internal walls	1,050	m2	240.00	252,000
72	Internal walls - lift shaft	70	m2	650.00	45,500
					297,500
NS - Internal Screens & Borrowed Lights					
73	Internal aluminium windows and sidelights	30	m2	650.00	19,500
74	Toilet partitions and doors	70	m2	450.00	31,500
75	Operable wall (solid panel)	40	m2	1,000.00	40,000
76	Operable wall enclosure		item		4,000
77	Support beam and acoustic bulkhead to operable wall	15	m	800.00	12,000
78	Wet store cage enclosures				15,000
					107,000
ND - Internal Doors					
79	Glazed double doors, frame and hardware	3	no	4,800.00	14,400
80	Glazed door, frame and hardware	2	no	2,600.00	5,200
81	Part glazed timber door, frame, hardware and paint	5	no	2,100.00	10,500
82	Timber double doors, frame hardware and paint	7	no	2,200.00	15,400
83	Timber door, frame, hardware and paint	22	no	1,700.00	37,400
84	Roller shutter - bar (internal)		note		excluded
					82,900
WF - Wall Finishes					
85	Render/drylining to precast external walls		note		excluded
86	Internal painting to walls	2,500	m2	25.00	62,500
87	Wall tiling - kitchen (2400h)	180	m2	180.00	32,400
88	Wall tiling - toilets/shr (2400h)	250	m2	180.00	45,000
89	Wall tiling - tea prep	5	m2	240.00	1,200

Project: 21039 - Ocean Reef Marina	Details: SD cost estimate - ORSSC rev 1a
Building: Sea Sports Club	

Item	Description	Quantity	Unit	Rate	Total
(Continued)					
90	Waterproofing to showers	3	no	300.00	900
91	Feature battens - entry/void		note		excluded
92	Feature wall finishes - bar/dining/RSL		note		excluded
					142,000
FF - Floor Finishes					
93	Resilient floor finishes (+ skirting)	1,100	m2	110.00	121,000
94	EO for sealer (slab moisture)		PS		20,000
95	Epoxy coated topping - kitchen areas	165	m2	200.00	33,000
96	Floor tiling on screed - wet areas	110	m2	220.00	24,200
97	Waterproofing (wet areas to upper levels)	65	m2	60.00	3,900
98	Baloon/sun deck floor finish	445	m2	250.00	111,250
99	Mono sealed floors - stores	195	m2	20.00	3,900
100	Allowance for entry mats		item		10,000
					327,250
CF - Ceiling Finishes					
101	Plasterboard ceilings (painted)	430	m2	180.00	77,400
102	Acoustic ceilings (painted perf pb or similar)	910	m2	270.00	245,700
103	Bulkheads		item		15,000
104	Feature ceiling finishes		note		excluded
105	Exposed concrete soffit (not painted) - GF stores		note		no cost
106	External painted soffit linings	465	m2	200.00	93,000
					431,100
FT - Fitments					
107	Fixed cabinetworks - gfl bar/cafe		item		80,000
108	Fixed cabinetworks - ffl bar		item		50,000
109	Fixed cabinetworks - reception		item		15,000
110	Fixed cabinetworks - admin workstations		note		LF+E
111	Fixed cabinetworks - tea prep		item		15,000
112	Store shelving		note		LF+E
113	Wet area cabinetworks, mirrors, grab rails and dispensers		item		20,000
114	Fire extinguishers and blankets		item		2,000
115	Signage		item		15,000
					197,000
SE - Special Equipment					
116	Beer system - bar areas		item		50,000
117	Kitchen food and catering equipment (incl. s/s benches, shelving and sinks)		item		200,000
118	Coolrooms and freezers		item		100,000
					350,000

Project: 21039 - Ocean Reef Marina	Details: SD cost estimate - ORSSC rev 1a
Building: Sea Sports Club	

Item	Description	Quantity	Unit	Rate	Total
(Continued)					
HY - Hydraulic Services					
119	Sanitary plumbing, fixtures and tapware		item		95,000
120	Zip units		item		10,000
121	Internal gas service		note		excluded
					105,000
ME - Mechanical Services					
122	Mechanical services (as per TABE report)		item		322,000
123	Builders work in connection		item		8,000
					330,000
EL - Electrical Services					
124	Power lighting and data		item		390,000
125	Security and fire		item		60,000
126	AV equipment		note		excluded
127	CCTV		note		excluded
					450,000
FP - Fire Protection					
128	Fire sprinklers		note		excluded
TS - Transportation Systems					
129	Lift installation	1	no	105,000.00	105,000
130	Builders work in connection (pit and shaft msd.sep)		item		5,000
					110,000
			Total		<u>7,215,000</u>
<u>EXTERNAL WORKS AND SERVICES</u>					
XP - Site Preparation					
131	Bulk earthworks and retaining to form level pad at RL 2.8		note		Marina works
132	Detailed earthworks and building pad preparation for new building		item		25,000
					25,000
XR - Roads, Footpaths & Paved Areas					
133	Carparking facilities		note		Marina works
134	External steps to site boundary		note		Marina works
XN - Boundary Walls, Fencing & Gates					
135	Fencing and balustrade to retaining walls (if required)		note		Marina works
XL - Landscaping & Improvements					
136	Way-finding signage		note		Marina works
137	Landscaping (as per Plan E report)		item		400,000

Project: 21039 - Ocean Reef Marina	Details: SD cost estimate - ORSSC rev 1a
Building: Sea Sports Club	

Item	Description	Quantity	Unit	Rate	Total
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(Continued)

					400,000
	XH - External Hydraulic Services				
138	Building stormwater drainage		item		65,000
139	External sewer drainage		item		20,000
140	Grease trap		item		19,000
141	External water service		item		5,000
142	Backflow prevention - water		item		4,000
143	Fire hydrant system (incl. booster)		item		22,000
144	Backflow prevention - fire		item		7,000
145	Fire service - from site boundary		item		15,000
	<u>Infrastructure outside boundary</u>				
146	Building stormwater drainage (incl. gross pollutant trap)		note		Marina works
147	External sewer drainage		note		Marina works
148	External water service		note		Marina works
149	Fire hydrant service		note		Marina works
150	Water Corp headworks charges		note		Marina works
					157,000
	XE - External Electrical Services				
151	External electrical services infrastructure		note		Marina works
152	Western Power headworks charges		note		Marina works
	PR - Preliminaries				
153	Allowance for builders preliminaries costs (external works and services)		item		103,000
			Total		<u>685,000</u>
	TOTAL CONSTRUCTION COST (excl GST)		Total		<u>7,900,000</u>

7,900,000

Project: 21039 - Ocean Reef Marina	Details: SD cost estimate - ORSSC rev 1a
Building: Sea Sports Club	

Item	Description	Quantity	Unit	Rate	Total
Services infrastructure					
XH - External Hydraulic Services					
<u>Infrastructure outside boundary</u>					
1	Building stormwater drainage (incl. gross pollutant trap)		item		30,000
2	External sewer drainage		item		10,000
3	External water service		item		10,000
4	Fire hydrant service		item		18,000
					68,000
XE - External Electrical Services					
5	External electrical services infrastructure		item		105,000
					105,000
PR - Preliminaries					
6	Allowance for builders preliminaries costs (external works and services)		item		27,000
	TOTAL CONSTRUCTION COST (excl GST)		Total		<u>200,000</u>
	Services infrastructure				200,000

Attachment 2 – Additional Direct ORSSC Costs Funded by DevelopmentWA

1. The cost of reclamation for the ORSSC building pad and revetment wall construction is \$1.393M (this cost has been extrapolated from the WA Limestone and Italia Stone Group's current contract of works);
2. The construction cost of the parking area immediately east of the ORSSC is estimated to cost \$442,000 which includes earthworks, pavements, line marking, fencing, stormwater drainage, street lighting and service conduits (excludes any costs associated with landscaping treatments). DevelopmentWA is committed to include this infrastructure as part of the stage 1 civil contractor's scope of works;
3. The construction cost of the boat trailer hard stand, which includes all earthworks, pavements, line marking, fencing, stormwater drainage and street lighting is estimated at \$572,000. DevelopmentWA is committed to include this infrastructure as part of the stage 1 civil contractor's scope of works;
4. Commissioning TBB to prepare and manage the development application and approval process, to which DevelopmentWA is funding \$10,000 for the ORSSC;
5. Commissioning of the project design consultants (TBB, Hames Sharley and UDLA) to facilitate one Design Review Panel session, with a second session planned for March. The expected final costs for this from TBB, Hames Sharley and UDLA is \$6,000;
6. Commissioning of Bridge42's Project Management services to date. Bridge42 have been invoicing per month for project management services which will increase as the project moves into detailed design through to contractor procurement. DevelopmentWA has funded approximately \$42,000 actuals to date and is committed to an additional \$40,000 to fund Bridge42's project management services for the ORSSC project through to award of contract (end of October 2023). As outlined at the meeting 2 March 2023, the QS cost plan dated 13.03.23 includes Bridge42's Superintendent fees through the construction phase.
7. DevelopmentWA will help facilitate the supply and installation of solar panels through the microgrid operator (timing to be confirmed) on the basis that their Deed is fully executed (expected end of March 2023). This will save the ORSSC outlaying the capital cost for a 30kW system, estimated at \$45,000.

The total of 'other' direct costs required to deliver a new facility for the City, ORSSC and Joondalup City RSL that sit outside the QS Cost Plan and committed to by DevelopmentWA total approximately **\$2.55million**.



24 March 2023

Sheree Edmondson
 Asset Manager - City of Joondalup
 90 Boas Avenue
 Joondalup WA 6027

Re: Business Case Update

Dear Sheree,

In November 2021 the Ocean Reef Sea Sports Club's submitted their Business Case to the City of Joondalup to support the establishment of its new club facilities as part of the State Government's Ocean Reef Marina Development Project. This update addresses the Executive Summary, noting changes in assumptions or revisions in planning,

EXECUTIVE SUMMARY

Background:

Update

- State funding - The original \$6.5 million allocated to relocate the ORSSC and the Marine Rescue Whitfords (MRW) to new facilities has been divided between ORSSC and MRW, with \$4.8 M now allocated to the relocation of ORSSC.

Project Description:

Updates

- Design progress - In collaboration with DevelopmentWA and the City Of Joondalup, the preliminary design of the ORSSC building has been finalised. Carparking and boat hardstanding designs are still in progress. .
- Building size - The building has been reduced from three levels to two, removing the Observation deck. The ORSSC Business Case was based on an internal floor space of 4044m². This has now been reduced to 2044m². Membership forecasts have been adjusted to align with the reduced building capacity.
- Estimated cost - The ORSSC Business Case included a concept design with an estimated cost for delivery of \$11.9 M. The DevelopmentWA estimate for the current design is \$10.3 M. See 'Funding Strategy' below for more detail.
- Timeline - Handover of the new facility was expected to be in March 2024. The latest program indicates this will now be October 2024.
- Wet pen storage - The ORSSC Business Case envisioned ORSSC would have the option to build, own and operate 250 boat wet pens within the marina's 550 proposed boat pens. This was reliant on ORSSC negotiating a suitable agreement with Department of Transport, but to date there has been no progress toward such an

Identification of Need:

Update

- Needs analysis - The analysis as described in its "Our Vision – Our Future" document, is unchanged. The basic requirements for the Club site, the Clubhouse, and adjacent area to sustain the Club's viability into the future remain.

Assessment of Options:

Update

- Recommendation - Of the four options considered in the Business Case, Option 3 remains the recommended option. Option 3 has been updated to incorporate changes in design and costings.

Stakeholder Engagement and Consultation and Case Studies:

Update

- Stakeholders - There have been no changes to stakeholder identified in the Business Case. The Club maintains relevant contact and stays informed of the needs of stakeholders.
- Case studies - The case studies in the Business Case provided the Club the means to address problems associated with a growing sea sports club, as well as opportunities for the club to expand.

Operational Budget and Whole of Life Model:

Update

- Purpose - The Operational Budget forecasts probable expenses and income to ensure ORSSC has the required funds to maintain and operate the new building and facilities.
- Timeline - The Operational Budget has been reforecast to include fiscal years 2023/24 to 2027/28.
- Basis – Audited Financial Statements for 2021/22 formed the basis of the 2022/23 budget, presented and approved by members at the Club's AGM in August 2022. This budget now provides the starting point for the budget forecasts.
- Changes to General Expenses - As of 2024/25, the City Of Joondalup estimated lease payments and loan repayments have been added to General Expenses, In addition, services and maintenance cost have been adjusted for the new facility
- Forecast increases - General Expenses and Total Income are forecast to increase 5% annually to account for inflation, cost escalations, and growth.
- The Budget assumes a membership growth and a facility with enough space to support the growth. Any reductions in the building size will have a detrimental effect on the Club's ability to meet its membership targets and loan repayments.
- The Net Operating result shows a positive annual cash flow, but with minimal capacity for additional funding for the new facilities.
- The Operational Budget does not take into account the expense or income arising from wet pen storage.

Cost Benefit, Socio Economic and Financial Analysis:

Update

- ORSSC is not in a position to assess the overall economic impact of the Ocean Reef Marina Redevelopment, and have not revised this portion of the Business Case. We understand the relevant local and state agencies have been engaged to ensure the potential benefits of the project are realized by the broader community.

Funding Strategy:

Update

- History - The original \$6.5 M allocated to relocate the ORSSC and the Marine Rescue Whitfords (MRW) to new 'like-for-like' facilities was divided between ORSSC and MRW, with \$4.8 M now allocated to the relocation of ORSSC. To provide for the projected growth of the Club, an alternate design was presented by DevelopmentWA, with an estimated cost to build of \$8.3 M. The City of Joondalup and ORSSC agreed to provide the additional funding of \$3.5 M, or \$1.75 M each.
- Loan – The City of Joondalup will provide a loan to ORSSC for its share of the additional funding, to be paid back in conjunction with the future tenancy agreement.
- Latest revisions to Cost to Build - The table below shows the revisions to the Funding Strategy to reflect DevelopmentWA's updated estimated Cost To Build.

Source of Funds exc GST	Funding Amount	Funding confirmed	Comments
State Government	\$4,800,000	Yes	Original \$6.5 M reduced to \$4.8 M
City of Joondalup	\$1,750,000	Yes	Per Council meeting April 2022
ORSSC	\$1,750,000	Yes	Endorsed by ORSSC members in March 2022
Total Funds Available	\$8,300,000		
Total Cost to Build	\$10,325,000		
Shortfall	\$2,025,000	No	Increase attributed to cost escalation DWA, CoJ and ORSSC to address possible reductions in scope and funding options.

- Shortfall strategies – DevelopmentWA, the City of Joondalup and ORSSC have agreed to work in collaboration to reduce the cost to build and provide additional funding.
 - DevelopmentWA will investigate allocating the external works currently included in the cost to build to the overall Marina Redevelopment project. There will also be a Value Engineering effort in concert with the City and the Club to further reduce costs.
 - The City of Joondalup will submit a business case to the City Council for a portion of the shortfall. This submission will include an assessment of ORSSC's financial condition.
 - ORSSC will develop a cost plan in collaboration with DevelopmentWA and the City of Joondalup to fund a portion of the building project and relocation costs.
- ORSSC Cost Plan - In addition to the \$1.75 M contribution to the Cost To Build, ORSSC have implemented a plan and budget for the Future Fund cash reserve. Starting in 2015, the Club built a cash reserve, identified as the Future Fund, to provide for the relocation of the Club to the new facilities. The Future Fund now stands at \$1.06 M, and is intended to:
 - Relocate existing kitchen, bar, communications, and security equipment.
 - Purchase new equipment as needed.
 - Final fit out of Club areas, inside and out.
 - Support Club operations during the shutdown period.
 - Provide contingency funding for increases in expenses and/or loss of revenue.

- Additional funding - The Club will agree to fund two items currently in the Cost To Build, namely AV equipment and furniture. Including these two items in the Future Fund budget considerably reduces the funding available for contingencies.

Project Risks and Implementation:

Update

- Project Risks – the primary risks to ORSSC are financial, i.e. cost overruns, and reductions in income. These risks will be managed by regularly updating the Operational Budget and maintaining the contingency funding.
- Implementation - Key Milestones – Milestone dates have been adjusted in line with the latest projections from the Project.

Milestone	Indicative completion
Finalize design	March 2023
Funding secured	April 2023
Planning approvals	April 2023
Issue tender for works	May 2023
Award and sign contract	June 2023
Site works commence	July 2023
Confirm schedule of programs	July 2023
Complete construction	September 2024
Handover / site possession	October 2024

In Summary:

The ORSSC Business Case verifies the Club's short-term viability and long-term sustainability. Through collaboration with the State Government and City of Joondalup, the Ocean Reef Marina Redevelopment, member expectations, identified needs, and financial outcomes have been addressed.

Therefore, ORSSC supports the current proposed building and facility concept design, subject to the required funding being secured by DevelopmentWA and the City of Joondalup.

Kind Regards,



Ken Wood
Commodore