

13.4 Lathlain Park Zone 1 - Approval to lodge Development Application

Location	Lathlain
Reporting officer	Strategic Projects Manager
Responsible officer	Chief Operations Officer
Voting requirement	Simple majority
Attachments	1. Attachment 1 - LPRP ZONE 1 - DA Design Package 17.07.2023 [13.4.1 - 20 pages]

Recommendation

That Council:

1. Approves the lodgment of a Development Application for Lathlain Park Redevelopment Project – Zone 1 based on the design documentation contained in Attachment 1 LPRP ZONE 1 - DA Design Package 17.07.2023.
2. Approves the CEO to negotiate with the West Coast Eagles (Indian Pacific Limited) the partial surrender of lease and/or a sub-lease for the portion of the project site that protrudes onto the West Coast Eagles lease area and to present the outcome of such negotiations to Council in November 2023.

Purpose

To receive approval to progress the project by seeking planning approval for the development and establishing a method to secure tenure for the portion of the project site that encroaches on West Coast Eagles land.

In brief

- The Design Development Stage of the project has been completed with the deliverable of the development application documentation package received by the Town
- Officers are seeking approval to lodge a development application in September based on the design documentation received.
- The timing of this lodgment is crucial in achieving federal grant funding milestones for the project.
- A small portion of the project footprint encroaches on the West Coast Eagles lease area. Officers propose negotiating either a draft Heads of Terms for a sub lease of this portion of land from the West Coast Eagles or a partial surrender of lease and presenting the outcome to council for endorsement in November 2023. This is will not affect the planning approval.

Background

1. Four concept design options were completed based on Council endorsed concept design briefs at Council in August 2021 and February 2022 and formed the basis for a business case that explored each concept option.

2. The business case was presented to Council at the OCM in October 2022. While the business case recommended concept option 4a, the endorsed recommendation included the progression of the Perth Football Club facility into design development based on concept option 2a.
3. Concept option 2a's scope includes all the operational requirements of the Perth Football Club, a large function area and a dedicated community space for use by members of the Town of Victoria Park community. It does not include the development of the portion of the site where the current facility sits or a potential partnership with a third party to deliver community services.
4. The October 2022 OCM also endorsed scenario 1 as described in the business case, which proposed a siting of the facility to the north of the existing facility to realise several benefits from this new location, including:
 - a. the ongoing operability of Perth Football Club during the construction period of the project,
 - b. maintenance of the telecommunications leases on the existing building to the end of their term and
 - c. improved land use efficiency by allowing another development site once the eventual demolition of the existing facility was completed.
5. Hames Sharley is the lead design consultant on the project, and following the October OCM outcome were instructed to commence the Design Development Stage based on the scope of concept option 2a and the new building location.
6. This Design Development Stage progressed and included extensive stakeholder engagement and design reviews.
7. A value management round was included in the later portion of the Design Development Stage and it is the view of the project team that only a reduction in the functions offered by the facility will provide any further substantive construction cost reduction.

Strategic alignment

Environment	
Community Priority	Intended public value outcome or impact
EN3 - Enhancing and enabling liveability through planning, urban design and development.	The completion of this project will improve the amenity experience and accessibility of local and national football.
EN5 - Providing facilities that are well-built and well-maintained.	The project replaces an aging Town asset that is at the end of its useful lifespan with a contemporary facility that facilitates broadens its offering and enhances community benefit.

Engagement

Internal engagement	
Stakeholder	Comments
Lathlain Park Advisory Group	This project has been presented to the Town's Design Review Panel on four occasions and the feedback received has informed the design.
Town of Victoria Park Design Review Panel	This project has been presented to the Lathlain Park Advisory Group on three occasions during the design development stage of the project and the feedback received has informed the design outcome.

Parking and Rangers	The design has been reviewed by the coordinator of Parking and Rangers who indicated the proposed parking arrangement is able to be managed under existing mechanisms and policy.
Technical Services	The Principal of Traffic and Design has reviewed the parking and street interface design.
Place Planning	The Place Leader – Lathlain has been involved throughout the design development process.
Community Development	A meeting has been held with the Manager Community Development and Community Development officer regarding the design and demand profile for the community space.
Property Development and Leasing	This project has been collaboratively delivered by the Project Management Office and the Property Development and Leasing Team.
Strategic Assets	The Strategic Assets team have been involved in the progression of the project, particularly the analysis and planning of ongoing renewal costs.
Finance	The CFO and finance officers have been involved in the project, particularly the future leasing approach.

Other engagement	
Stakeholder	Comments
Perth Football Club	Liaison with the Perth Football Club (PFC) has been ongoing throughout the design development stage to ensure the design meets the operational needs of a football and community facility. The CEO of the club is also a member of the Lathlain Park Advisory Group.
Western Australian Football Commission	Liaison with the Western Australian Football Commission has occurred during the design development stage and their feedback has informed the design outcome. The Manager Facilities and Government Relations is also a member of the Lathlain Park Advisory Group
West Coast Eagles	The West Coast Eagles have been frequently updated with the progression of the project. They have provided information regarding the game day operations for AFLW and AFL preseason games.
AFL Broadcast Operations	Contact has been made with AFL Broadcast Operations to determine design requirements for the broadcast of matches at the facility.

Legal compliance

Not applicable.

Risk management consideration

Risk impact category	Risk event description	Consequence rating	Likelihood rating	Overall risk level score	Council's risk appetite	Risk treatment option and rationale for actions
Financial	<p>If these current plans are changed there is a risk of additional design fees and delays that could lead to a breach of external funding conditions.</p> <p>There is also a financial risk if the detailed design stage is commenced before the development approval is received. This could lead to a variation on design fees if significant changes are required.</p>	Moderate	Possible	Medium	Low	<p>TREAT: By approval of the current design for DA lodgement and for design resolution to occur based on the current design.</p> <p>Awareness of, and strict adherence to the planning framework has occurred during the design of this project. Along with multiple reviews by the Town's Design Review Panel.</p>
Environmental	Not applicable				Medium	
Health and safety	Not applicable				Low	
Infrastructure/ ICT systems/ utilities	Not applicable				Medium	
Legislative compliance	The development could require compliance with Local Government Act Section 3.59	Minor	Rare	Low	Low	<p>TREAT: Compliance with LGA S3.59 will be a requirement of the project. The publishing, advertising and endorsement of a business plan is included in the project program.</p>

Reputation	<p>The publishing of development plans prior to the securing of project funds is a reputational risk due to the creation of community expectation on a project that lacks funding clarity.</p> <p>This current design will be publicised, therefore changes made to the design after publication could be a reputational risk due to stakeholder and community expecting what is advertised to be what is built.</p>	Moderate	Possible	Medium	Low	<p>TREAT: This risk will be mitigated by stating the funding status of the project in the promotional material during the DA advertising period.</p> <p>Treat risk by not making significant changes to the DA level design and maintaining design direction.</p>
Service delivery	Not applicable				Medium	

Financial implications

Current budget impact	Sufficient funds exist within the annual budget to address this recommendation.
Future budget impact	<p>The capital cost for the construction of the facility could have a significant future budget impact. Currently \$5 million is committed to the project from the Town's Future Fund Reserve.</p> <p>Other secured funding sources for the project are:</p> <p>State Government Grant - \$4 million</p> <p>Federal Government Grant - \$4 million</p> <p>West Coast Eagles - \$1 Million</p> <p>Western Australian Football Commission - \$200,000</p> <p>This total of \$14.2 million in secured funding is well below the cost estimate for the project following a value management round which provided a total project estimate of \$23.83 Million.</p> <p>Now that the final budget shortfall is quantified, additional funding will be sought for the project.</p>

Analysis

1. The design development stage of the Lathlain Park Redevelopment Project is now complete. The outcome of this design stage is documentation suitable for lodging a development application.
2. During the design development stage the facility design has been presented at the:
 - a. November 2022 Lathlain Park Advisory Group meeting
 - b. December 2022 OCM
 - c. February 2023 Concept Forum
 - d. March 2023 Concept Forum
 - e. March 2023 Lathlain Park Advisory Group meeting
 - f. April 2023 Lathlain Park Advisory Group meeting
 - g. June 2023 Concept Forum
3. The project has been presented to the Town's Design Review Panel on four occasions in total, and three times during the design development stage in February 2023, March 2023 and June 2023.
4. Feedback from each meeting, design review panel and concept forum has shaped the design outcome.
5. Now that the facility design for the Development application is complete, traffic impact studies required under the Lathlain Park Management Plan can be commenced. A consultant has been appointed for these studies that will accompany the development application.
6. A final planning report can also commence based on the design documentation and will accompany the development application.
7. This design development round has also included a round of value management which reduced about \$3 million from the cost estimate. However, the current cost estimate for the DA level design is \$23.83 million which remains significantly above the secured funding of \$14.3 million.
8. A funding strategy will be developed to analyse the potential scenarios available for funding to enable the delivery of the project.
9. The Town will continue to advocate to State and Federal governments seeking assistance with the project's funding shortfall.
10. The development application will be determined by the Department of Planning Lands and Heritage via the Joint Development Assessment Panel (JDAP) process which includes public consultation and a 90-day overall assessment period.
11. The decision to lodge a DA does not constitute endorsement to construct the facility. Due to assessment and project timelines, it is recommended this application is lodged in September 2023 to achieve federal funding project milestones.
12. The next design stage is the Detailed Design Stage which works towards the deliverable of a documentation package suitable for Tendering. This stage will commence following the lodging of the development application. It will progress during the development application assessment process to meet federal funding milestones.
13. A small portion of the project's footprint encroaches on the lease area of the West Coast Eagles. Early indication is that the West Coast Eagles are motivated to support the project and are actively working with the Town to resolve this.
14. Town officers and solicitors are determining the most appropriate means of resolution. This is either:
 - (a) Option A - Sub-lease of this small portion of the project site from the West Coast Eagles to the Town; or

- (b) Option B - West Coast Eagles agreeing to excise this small portion of the project site from the West Coast Eagles by way of partial surrender of lease.
15. Advice from the Town's lawyers is that Option B will be achievable. Option B is considerably simpler and will achieve significant savings in legal fees compared to Option A.
 16. Option A will require detailed Heads of Terms for the sublease to be negotiated with the West Coast Eagles and preparation of lease documentation in conjunction with the Town and West Coast Eagles and legal representatives.
 17. In addition, a construction license will be required to enable the Town to temporarily utilise a part of the West Coast Eagles lease area for purposes incidental to the proposed construction of the Project. The details of this will depend on construction logistics.
 18. Neither Option A sub-lease or Option B partial lease surrender will have influence on the assessment of the development application.
 19. The precaution will be taken to create a business plan capturing the overall development intent. This will be completed in-house with the assistance of Town lawyers and will include:
 - a. The final lease outcome with the Perth Football Club
 - b. Option A or B for the lease outcome with the West Coast Eagles
 - c. An assessment of the overall development and its commercial influence on the Town of Victoria Park.
 20. The business plan requires public advertising and council endorsement prior to the decision to commence construction of the project. This business plan is a future requirement and does not influence the decision requested by this report.

Relevant documents

Not applicable

Further consideration

At the Agenda Briefing Forum held on 1 August 2023, the following information was requested.

21. Provide a detailed description of the funding shortfall? In response to the question:
 - a. Provided to the elected members at the Concept Forum in June 2023 was Attachment 2 – Cost Estimate LPRP Zone 1 – CER4.03 document. This document provides detailed information on the cost estimate for the project.
 - b. Section 9 of Attachment 2 explains the variance in cost from the estimate provided for the business case (\$18.376m Rev3.04), the estimate following the design development stage (\$26.291m Rev4.01) and the estimate following value engineering (\$23.83m Rev4.03).
 - c. The Town is in the process of engaging specialist advocacy consultants to plan and implement advocacy focused on the sourcing of funds to amend the gap between the current secured funds and the estimated cost of the project.
 - d. The Town is also exploring a separate engagement for a funding strategy for the project which can explore the overall financial options (to include consideration of the future development site in the southern portion of the Zone 1) and financial implications for the Town. This piece of work will be completed for inclusion in a future business plan for the project.